



**Cyber age racing**  
Places used to make events. Now, events make places. Television is the key



**Crumbling accord**  
Arabs have moved on. They are pondering the loss of all hope for peace.

Page I

Page IV

http://www.FT.com



APRIL 5 / APRIL 6 1997



**The incomplete golfer**  
Can Greg Norman really win his first major championship in America?

Page XX



**Role reversals:**  
Women, in suits, men in saunas, and tugs as yachts

In the how to spend it magazine

Economists expect another rate rise soon ■ Jobs figures hit bond prices

# Wages growth adds to US inflation fears

By Gerard Baker in Washington

US wages rose last month at their fastest rate for seven years, the clearest signal yet that the economy's long period of non-inflationary growth may be nearing its end.

Average hourly earnings increased by 4 per cent in the year to March, the Labour Department reported yesterday, pushed higher by an increasingly tight labour market and continuing robust economic growth. The unemployment rate fell to 5.2 per cent last month, from 5.3 per cent in February, as non-farm payrolls chalked up another gain of 175,000 in March.

The increase in employment was slightly lower than most analysts had

expected but the rise in earnings was much stronger. It heightened expectations among economists that the Federal Reserve will follow up last week's quarter point increase in short-term interest rates with at least one or two similar rises in the next few months.

Bond prices fell sharply on the news as investors anticipated the next move by the US central bank. At noon the benchmark 30-year treasury bond was down by 21/32 from Thursday, with the yield up to 7.12 per cent, the highest since September. The dollar was up more than a penny against the Deutsche mark at DM1.680.

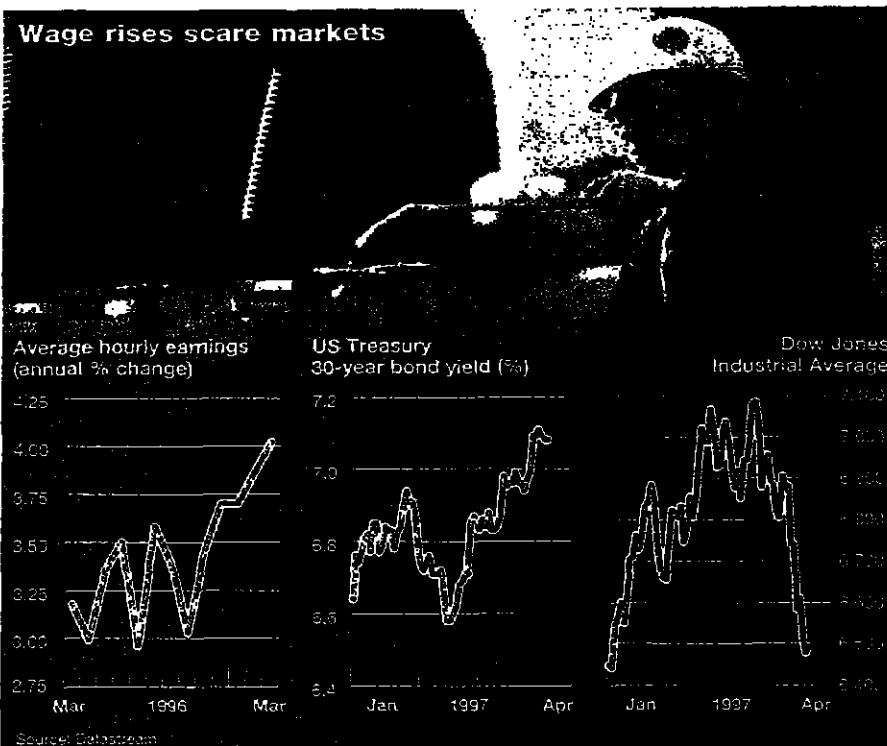
Even economists who have expressed scepticism about the need for tighter monetary policy were convinced yesterday that the central

bank would move again. "We are throwing in the towel and now believe the Fed will probably tighten twice more," said Mr Bruce Steinberg, at Merrill Lynch in New York.

Stock prices dipped slightly. At noon the Dow Jones Industrial Average was down 33 points at 6,443.7, bringing its cumulative fall over the past week to almost 300 points, more than 4 per cent.

The figures clearly justified the Fed's decision to raise rates last week. The economy has been growing at an annual rate of about 3.5 per cent for the last six months, far above what most economists regard as the rate consistent with quiet inflation.

In spite of the rapid growth, there had been few



obvious signs of an actual acceleration in inflation. But yesterday's figures seemed to provide the strongest evidence yet that the growth in demand at a time of low unemployment is putting upward pressure on costs.

Average hourly earnings rose to \$12.15 in March from \$12.10 the previous month, a

0.4 per cent increase. That followed a 0.4 per cent rise in February, revised upwards from 0.2 per cent. The increase of 4 per cent on a year ago was the fastest wage growth rate since the economy began its current expansion in 1991.

Not all of the wage increase is inflationary. US

workers have made impressive productivity gains in the past year, and some of the higher wages reflect greater output.

Spring fever, Page 9  
Currencies, Page 10  
World stocks, Page 21  
Lex, Page 26, Weekend  
Investor, Page XXII

# GEC barred from making Thomson bid

By Bernard Gray in London and David Buchan in Paris

France yesterday rejected the General Electric Company's application to become a bidder in the privatisation of Thomson-CSF, the French defence electronics company.

The government cited "national security concerns" as its reasons for rejecting GEC's overtures, despite having given the company unofficial encouragement last week to register its interest in Thomson.

In an indication of the sensitivity of the decision, French government officials travelled to London on Thursday evening to inform GEC executives personally of the rejection.

GEC said it regretted the decision, but added that France had suggested that it open talks with Alcatel and Lagardere, the two French conglomerates still in the bidding for the state's 58 per cent Thomson stake.

France also said in a formal communiqué that it now "encouraged" the two French contenders left in

the field for Thomson to detail "their European partnership intentions" in their final bids.

In practice, however, there may not be much room left for GEC, as both Lagardere and Alcatel-Dassault have indicated they would take majority control of Thomson-CSF at the moment of its sale. A senior French official said GEC effectively overplayed its hand by making a solo bid for 58 per cent of a company which, in addition to being Europe's biggest defence electronics group, contained "a lot of sensitive technology specific to the French armed forces".

However, this was disputed in London by defence executives. They argued that the "ring fence" security arrangements in place as part of an existing GEC-Thomson joint venture in sonar, which is one of the most sensitive military technologies, could have been extended to other areas of Thomson if needed.

Courtship rebuffed, Page 9  
Lex, Page 26

# Unofficial taxis dodge taxes on the long Russian road to capitalism

By John Thornhill in St Petersburg

Like taxi drivers the world over, Mr Kirill Tientyev does not shy away from telling his passengers what he thinks.

"It's a disgrace," he says, speeding along the Nevsky Prospekt in St Petersburg. "These private drivers are grabbing the bread from my mouth. Their cars are in a terrible state. Often they're drunk." The city authori-

ties have been listening to the likes of Mr Tientyev because this week they banned private drivers, or *chastniki*, from accepting fares for rides. Until now, it has been an accepted practice for pedestrians to flag down a passing car and suggest a price to be taken to their destinations.

The *chastniki* say the ban will be impossible to enforce. They argue that they provide the city's 5m residents with a much-needed service, but the over-stretched

state of the public transport system and the tiny number of official taxis - and anyway, there is nothing wrong with earning a little money on the side.

The authorities claim many drivers are irresponsible and hamper the development of the legitimate taxi trade. They want *chastniki* to buy a Rbs300,000 licence and install a meter, which would accurately cost a ride and issue receipts. The number of registered cabs could leap by

eight times to 13,000 within six months, they predict.

Undercover police officers will now hitch rides to prosecute unsuspecting offenders. The city's traffic police have also been instructed to pull over cars picking up passengers and fine the *chastniki* on the spot, although the drivers suspect they will end up paying bribes rather than fines.

Still, on a rainy day in St Petersburg yesterday the *chast-*

*niki* seemed to be conducting a busy trade. "Laws are laws but I need money," says Mr Nikolai Ilichenko, 39, an unrepentant *chastnik*, who drives his red Zhiguli around town for about four hours a day. "Besides, it's a good way to meet pretty women."

"People break laws in this country all the time because they are so bad. In a month or two nobody will pay any attention to this law and all the fuss will die away," Mr Ilichenko says he

works for as long as it takes him to earn the Rbs100,000 to Rbs150,000 he needs each day to buy petrol, cigarettes, and food for himself and his alsatian dog, Taura, dozing on the back seat.

And his attitude shows how difficult it is for the government to haul Russia's fast-expanding black market activities into the formal economy, where they can be taxed and regulated.

Moreover, the dividing line between the official and unoffi-

cial is often blurred. On closer questioning, it emerges that Mr Tientyev, the "official" taxi driver, does not have a licence or a meter and pays no tax.

As for the black and yellow checkered sign on his car roof which denotes that he is an official taxi, Mr Tientyev bought it at a car parts market "for a few thousand roubles a couple of years ago". He explains: "My passengers think I am a taxi, therefore I am a taxi."

## News General

## US push on weapons ban

The US could face diplomatic isolation and its chemicals companies could forfeit hundreds of millions of dollars worth of trade if it fails to ratify the Chemical Weapons Convention, president Bill Clinton warned yesterday in urging the Senate to approve the arms control treaty. The convention bans the use, development, production, stockpiling and transfer of toxic weapons. The US must ratify it this month. Page 4

**Yeltsin overruled by Duma on looted art:** The Russian parliament delivered a slap to president Boris Yeltsin and to Germany, his closest western ally, by backing a law that asserts Moscow's ownership of the artistic masterpieces it seized as booty in the second world war. The bill was vetoed by Mr Yeltsin last month, but in a defiant display of unity the parliament yesterday mustered the two-thirds majority required to overrule the president. Page 2

**Yacht crews test the waters for the Cup:** The big-budget, high-technology battle for the oldest trophy in international sport is three years away but is already off to a friendly start in Auckland Harbour, where Team New Zealand, defenders of the America's Cup, have been allowing four foreign teams to sail Kiwi yachts in a series of regattas so they can familiarise themselves with local conditions before the Cup races in March 2000. Page 9

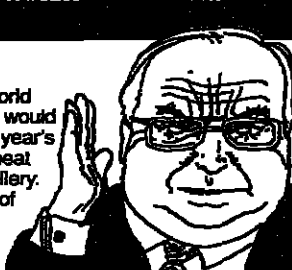
**US cautions Japan on holding down its trade surplus:** It is "critical" for good trade relations that the Japanese government achieve economic growth led by domestic demand, thereby preventing a significant increase in its current account surplus, said Robert Rubin, US treasury secretary, during a visit to Tokyo. Page 3

## Man in the News

## Helmut Kohl

The German chancellor surprised the world when he announced on Thursday that he would be seeking a fifth election victory in next year's general election. If re-elected, he could beat Bismarck's 19-year record at the chancellery. But his decision is as much an indicator of his political problems as his strengths.

See page 8



## News Business

## Clariant to refinance

Clariant, the Swiss chemicals company, is planning to raise SFr3.1bn (\$2.2bn) on the syndicated loan market to refinance the debt it takes on as part of its SFr4.6bn acquisition of Hoechst's speciality chemicals business. The deal will more than triple Clariant's turnover to SFr8bn and give the enlarged group a net debt of SFr3.8bn. Page 25

**UK investors force change to LucasVarity plan:** LucasVarity, the Anglo-US engineering group, has revised plans to replace dividends with a rolling programme of share buy-backs, after pressure from some of its largest UK investors. In the first such move by a UK-quoted company, it is understood to be considering a programme of buy-backs funded by profits earned overseas, while offering shareholders a dividend on profits made in the UK. Page 23

**Bumpy week in the markets on both sides of the Atlantic**

Leading stock markets in the US and Europe were in retreat most of the week following the publication of more statistics suggesting the US economy was overheating. That sparked fears of further increases in US interest rates. The flow of funds into European equities may have been slowed by an increase in mutual fund redemptions in the US. World stocks, Page 21; London stocks, Page 22; Markets, Weekend FT Page II

**Format deal clears road for recordable digital disc:** It took months for a dozen or so technicians in Tokyo to thrash out a common format for the DVD-Ram, the recordable version of the digital versatile computer disc. But the agreement paves the way for what electronics manufacturers hope will be one of the most lucrative products of the 1990s. Page 25

**The lottery is over at French bank's cash machines:** Banque Nationale de Paris has cancelled, but hailed as a success, a lottery scheme that for two years gave prizes to customers at its cash machines. It said up to 3 per cent of its customers had been making six or more transactions a month at rivals' machines, but the lottery scheme increased customer loyalty by 20 to 40 per cent. Page 26

## Contents

News	2-4	Companies	23-25	LSE Listings	21
International News	2-4	Commodities & Finance	23-25	Managed Funds	11-17
UK News	5	Markets	22	Money Markets	10
Weather	26	FT-SE Actuaries	22	Recent Issues	22
Lex	26	FTSE-4 Wild Indices	25	Share Information	18, 19
Features		Foreign Exchange	10	World Commodities	7
Lead Page	8	Gold Markets	25	V.I. Street	20-21
Letters	3	Equity Options	32	Source	20-21
Man in the News	8	Lofton SE	22	Weekend FT	Section I



Albania L1200, Armenia L1200, Azerbaijan L1200, Belarus L1200, Belgium L1200, Bulgaria L1200, Canada L1200, China L1200, Czech Rep L1200, Denmark L1200, Finland L1200, France L1200, Germany L1200, Greece L1200, Hong Kong L1200, India L1200, Indonesia L1200, Ireland L1200, Israel L1200, Italy L1200, Japan L1200, Korea L1200, Kuwait L1200, Lebanon L1200, Lithuania L1200, Luxembourg L1200, Macedonia L1200, Malta L1200, Mexico L1200, Monaco L1200, Netherlands L1200, New Zealand L1200, Norway L1200, Poland L1200, Portugal L1200, Romania L1200, Russia L1200, Singapore L1200, Slovakia L1200, Slovenia L1200, South Africa L1200, Spain L1200, Sweden L1200, Switzerland L1200, Taiwan L1200, Thailand L1200, Turkey L1200, Ukraine L1200, USA L1200, USSR L1200, Vietnam L1200, Yugoslavia L1200. For publisher services and other general enquiries call Frankfurt 069 1508190.

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## NEWS: EUROPE

## INTERNATIONAL NEWS DIGEST

## Serbia drops media curb

The Serbian government yesterday bowed to widespread pressure and dropped a controversial clause from its proposed new law on the media that would have barred any single privately-owned radio or television network from reaching more than 25 per cent of the total population. The new draft simply blocks any monopoly of the media.

The definition of monopoly is to be tackled in separate legislation. The pro-democracy opposition coalition Zajedno had condemned the 25 per cent restriction and threatened to boycott presidential elections due this year if it is not granted fair access to the media. The state-owned RTS, tightly controlled by the ruling Socialist party of President Slobodan Milosevic, is the only radio and television network to cover all of Serbia and has tried to block the independent BK channel from extending its transmission range. The new draft could become law next month.

Guy Dimmore, Belgrade

## Help for Spanish car makers

Spain's car manufacturers received a helping hand from the government yesterday when it revived a cash incentive scheme for motorists trading in old cars for new. The scheme, offering tax deductions of Ptas80,000 (\$563) when vehicles 10 or more years old are offered for scrap, differs from previous plans in being open-ended with no time limit.

Mr Josep Piqué, industry minister, announcing the "Prever" scheme after yesterday's cabinet meeting, said it was necessary to phase out leaded-petrol cars by early next century. The average Spanish car was eight years old, among the oldest in the European Union, he said.

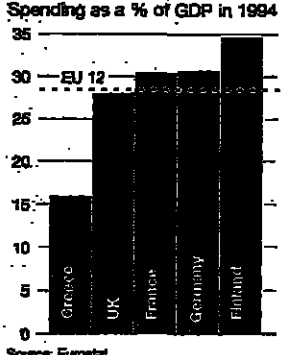
Aimed at boosting the industry, improving safety and cutting pollution, the plan is being extended to tractors and motorcycles, with bikes of 135cc-250cc exempt from registration tax. Temporary incentive schemes in 1994-95 helped pull the industry out of a domestic sales slump. Smaller cars, mainly from Spanish-based vehicle makers, stand to gain more than the import-dominated large-car sector.

David White, Madrid

## Welfare spending falls in EU

## EU social protection

Spending as a % of GDP in 1994



Source: Eurostat

spenders, with Austria on 30.2 per cent and Finland 34.8 per cent. Data on Sweden were unavailable. Old-age benefits take up the largest part of social protection spending (44.2 per cent), but Eurostat highlighted the increasing share of unemployment benefits (9.2 per cent).

Eurostat said social protection spending had risen substantially from an average 24.3 per cent recorded at the start of the 1980s, because of recession and the inclusion in the figures of eastern Germany. Since 1983, it had stabilised or fallen slightly in real terms in Spain, Italy and the Netherlands because of budget tightening.

Lowest spenders were Greece (16 per cent), Portugal (19.5 per cent), and Ireland (21.1 per cent), but each has increased its provision of welfare by more than the EU average since 1980.

Foreign Staff

## Delta opts for R-R engines

Delta Air Lines of the US has selected Rolls-Royce of the UK to supply engines for any future purchases of Boeing 777 aircraft. Delta has not made any firm orders for Boeing 777s, it said last month, but had taken options on 10 of the aircraft. If all the options are exercised, the resulting engine orders are expected to be worth more than \$122m to Rolls-Royce. The decision boosts the UK group's position in the US. Delta is the first US airline to announce it would use the Rolls-Royce Trent 800 engine on its 777s.

Michael Skapinker, London

## Move on Salinas brother

Swiss prosecutors plan to seize \$100m from the brother of former Mexican President Carlos Salinas. The money, held in a bank account in Switzerland, has been frozen since November 1995.

Mr Salinas' lawyer, Mr Eduardo Luengo Creel, said the money had come from legitimate business sources.

The Mexican government has charged Mr Salinas with "illicit enrichment", or the trafficking of influence, but has not officially opened any other investigation into his activities.

Daniel Dombey, Mexico City



## PUBLIC GAS CORPORATION OF GREECE S.A.

DEPA is a company owned by the Greek State and is responsible for the introduction and promotion of the use of natural gas in Greece.

Within this framework and pursuant to the provisions of Law 2364/95, a public tender will be conducted to select suitably qualified private investors to participate in the establishment of Gas Supply Companies (GSC). Each of these companies will undertake the development and operation of the gas distribution within a defined regional area.

DEPA has appointed N M Rothschild & Sons Limited and Alpha Finance as financial advisers to assist in the tender process. For further information interested parties should contact the financial advisers.

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Takis Douranoglou

## Renault to appeal on consultation ruling

By Neil Buckley in Brussels

Renault vowed yesterday to appeal against judgments by Belgian and French courts that the company violated worker consultation rules when it announced closure of its Belgian assembly plant with the loss of 3,100 jobs.

Mr Louis Schweitzer, Renault chairman, defiantly told a French newspaper Renault might be forced to close Vilvoorde earlier than the planned date of July 31 if workers did not go back to work. Workers ceased all activity at the plant and blocked almost 5,000 finished cars on February 27 when Renault announced the closure without warning.

But his comments flew in the face of the two court rulings, which ordered Renault to reopen talks with Vilvoorde workers, and which legal experts suggested



Renault workers and police confront each other in central Brussels yesterday

might delay the closure beyond the end of July.

A Brussels employment tribunal ruled on Thursday that Renault had broken two Belgian conventions on worker information and consultation, in a test case brought by a Vilvoorde

worker. Although the court

held back from fining the carmaker, Renault could face fines of Bfr20m (\$878,000) if it fails to comply with the court's instructions to negotiate with workers over mitigating the effects of the closure, and attempt-

ing to cut job losses.

The Belgian judgment was followed yesterday by a French court order to Renault to suspend efforts to close Vilvoorde until it had met legal obligations to consult its European works council - one of the first rul-

ings of its kind under the EU's 1994 works council directive.

The court, in the Paris suburb of Nanterre, ordered Renault to pay FF15,000 (\$2,680) to its worker consultation body, which brought the case. Neither court has the power to order Renault to change the Vilvoorde decision, which Mr Schweitzer has consistently maintained is irreversible. But their rulings echo the opinion of the European Commission that Renault failed to respect two EU directives on worker consultation.

As well as delaying the Vilvoorde closure, the rulings could further damage the public image of Renault, which saw sales of its cars fall 43 per cent in Belgium last month, according to figures released this week.

Several hundred protesters from the factory at Vil-

voorde - joined by workers from Forges de Clabecq, the bankrupt steelmaker - yesterday clashed violently with riot police in Brussels, who

replied with water cannon. Protesters hurled stones and eggs at police who barred them from passing in front of the office of Mr Luc Van Brande, minister-president of the Flanders region, where Vilvoorde is situated.

Renault workers, together with colleagues from Clabecq, have kept their plight in the news with a series of demonstrations, including stoppages at the carmaker's plants in France and Spain. Clabecq workers, who were involved in pitched battles with Belgian police last week when they tried to block traffic on the Paris-Brussels motorway, are holding another march today in the southern Belgian city of Namur.

## Russian arms could bring war, say Azeris Duma snubs Yeltsin

By Chrystia Freeland in Moscow

Azeri leaders warned yesterday that alleged clandestine Russian arms shipments to Armenia could "lead to a new large scale war in the [Caucasus] region" and demanded the weapons be returned to Moscow.

The uproar in Baku, the capital of Azerbaijan, follows claims in Moscow that between 1992 and 1996 the Russian military secretly shipped at least \$1bn worth of arms to Armenia.

Mr Haidar Aliyev, Azerbaijan's president, yesterday sent an urgent message to Mr Boris Yeltsin, Russian president, urging the Kremlin to take "the most active measures" to bring the arms shipments back to Russia.

The Armenian arms controversy erupted this week after Mr Lev Rokhlin, chairman of the parliamentary commission on defence, presented detailed docu-

ments about the alleged shipments to a closed session of the Duma, the lower house of the Russian legislature.

Citing a sheaf of government documents, including letters signed by General Pavel Grachev, former minister of defence, Mr Rokhlin claimed that beginning in 1992 the Russian military shipped a vast quantity of weapons to Armenia including tanks, anti-aircraft missiles and machine-guns.

The shipments, with an estimated value of at least \$1bn, were concealed from other branches of the Russian government and, eventually, were hidden even from Mr Igor Rodionov, who replaced General Grachev as defence minister last summer. Mr Rodionov has confirmed the clandestine arms trade took place and said the affair was now being investigated by the military police.

However, the Armenian ministry of defence denies receiving the weapons.

While cautious not to damage their fragile relations with Moscow, Azeri politicians have seized on the scandal as further evidence that Christian Armenia was backed by the Kremlin in the bloody territorial dispute with Moslem Azerbaijan over Nagorno-Karabakh.

After years of fighting in which tens of thousands of people were killed, Armenia and Azerbaijan reached a truce in 1994, leaving the enclave in effect under the control of its predominantly Armenian population.

The affair has also renewed concerns about the weakness of Russia's democratic institutions. Moscow observers say the fact that more than \$1bn worth of weapons could be shipped abroad, ostensibly without the knowledge of the president or prime minister, is a worrying sign of wider chaos within the Russian state.

By Chrystia Freeland in Moscow

The Russian parliament yesterday delivered a slap in the face to both Mr Boris Yeltsin, the Russian president, and to Germany, his closest western ally, by backing a law which asserts Moscow's ownership of the artistic masterpieces it seized as booty during the second world war.

The bill was vetoed by Mr Yeltsin last month, but in a defiant display of unity the parliament yesterday mustered the two-thirds majority required to override the president.

The 308-15 vote could help Russia to hang on to priceless cultural treasures, including canvases by Monet and Matisse and the hoard of Trojan gold discovered by Heinrich Schliemann in the 19th century.

The ballot reflected an upsurge of nationalist feeling throughout Russia and the widely held view that

the art works are a legitimate reward for a war which left the Soviet Union devastated.

But the Kremlin, which is keen to preserve its close relationship with Germany, denounced the vote. A presidential aide described the parliament's decision as "absurd" and said the administration would appeal against it in the constitutional court.

German officials warned that the law could tarnish Russia's international reputation.

"If the bill is passed there, Mr Yeltsin will have no choice but to sign it into law, making the Russian state the owner of all of the art works brought into the Soviet Union as a result of the second world war."

The Russian move is also likely to anger countries such as the Netherlands, whose art works were seized by Germany during the war and then plundered a second time by the Soviets.

## Dublin riding crest of a property wave

W e had to offer soup and hot dogs," said the Dublin estate agent, describing the scene outside his office last week as people camped for four nights to be first in the queue for the sale of 87 apartments overlooking Leopardstown racecourse.

Dublin is experiencing a property boom: prices for new houses rose 15 per cent last year and are set for a comparable rise in 1997. However, doom merchants are beginning to gather, warning that Ireland could be hit by the boom-bust cycle like the UK's in the 1980s.

"It's the typical Irish thing as soon as we arrive, there are those who want us to turn back," says Mr Mark FitzGerald, senior partner at Sherry FitzGerald, a leading Dublin estate agent.

Dublin has long had properties with seven-figure price tags, attracting posh stars, and now the racing driver Damon Hill. But with interest rates of only 7 per cent, a 7 per cent economic growth rate, and a scarcity of housing stock, even the most modest abode is fetching record prices. Demand is further fuelled by higher levels of inward investment which is creating jobs for returning emigrants.

After the 1970s, when up to half of each generation emigrated, Ireland is now

## Going, going, gone: Ireland's house prices race on



Source: Housing Statistics Bureau

seeing a small net inflow. More important, of 38,000 who returned in 1996, many came back with equity to invest in housing.

The Dublin secondhand market has risen most sharply, at around 30 per cent, compared with 14.5 per cent for new houses throughout Ireland. A five-bedroom Victorian house in central Dublin was sold at auction last week for £280,000 (\$1.28m) three years after it

was withdrawn from auction at £340,000.

The Irish market has always been characterised by very high rates of home ownership - at 68 per cent, only the Finns and Spaniards are more likely to own their homes - which some put down to the unhappy experiences of tenancies under British landlords. But new sociological trends are also encouraging the boom.

The tradition of the extended family, where children would live at home until they were married, is no longer the norm, with the number of adults per household falling from 2.45 in 1971 to 2.28 in 1981 and 2.19 in 1991.

The advent of divorce, legalised following a 1996 referendum, coupled with the trend for single people to live alone, means two more

target markets for the estate agents, says Mr Michael Goggins, of the Irish Homebuilders Association.

The housing boom has left the authorities in a quandary. With Ireland committed to the European single currency at the outset, the government's anxiety is that house prices should not fuel inflation, currently at around 1.5 per cent. Its main option is to raise interest rates, but this could increase the value at which the Irish pound joins the single currency - impairing Ireland's competitiveness.

On the other hand, if the Euro project collapses, this is likely to trigger a rise in interest rates, which would cause a sharp slowdown in the housing market.

The Irish Central Bank last week sent a questionnaire to banks and lending institutions, after media reports of widespread breaches in guidelines on lending, which restrict the amount housebuyers can borrow to 2.5 times their salaries.

Separately, the newly strengthened Consumer Affairs Directorate has issued a "health warning" to mortgage companies, under the 1995 Consumer Credit Act, about how they advertise their products.

In parliament last week, Mr Ruairi Quinn, the finance

minister, said Ireland must "not repeat the disastrous mistakes that occurred in the UK, under a Conservative chancellor. The lessons are there for all of us to analyse."

Mr John FitzGerald, economist at Dublin's Economic and Social Research Institute, believes comparisons with the Lawson boom and bust UK cycle are misplaced because house prices have increased from a very low base and the quality of housing stock has yet to catch up with that of the UK.

"Politicians like to say we are approaching the standard of living of the UK, which is true. But in wealth terms, if you look at the capital stock, we are still far behind. You only have to go around a typical English village to see the differences."

New house starts reached a record 35,000 last year, which compares with just 110,000 in the period 1981-85, and a total housing stock of less than 1.3m.

But, even at these rates, economists calculate Dublin will have run out of suitable development land within 5 years.

"Look out the window, you see those hills, that's the real constraint - the mountains to the south and the sea to the east," says Mr FitzGerald.

John Murray Brown

## Move underlines a warmer attitude from the Socialist government towards privatisation

## Greece to sell off more of OTE

By Kerin Hope in Athens

Greece's Socialist government yesterday approved the flotation of another 11 per cent of OTE, the state telecoms company, on the Athens stock exchange, in a move that underlined its recent warmer attitude towards privatisation.

The government is seeking to raise about Dr270bn (\$1bn) from the disposal but has agreed to hand over 60 per cent to OTE to finance an accelerated investment programme.

When the flotation has been completed in July, private shareholders will have control of 19 per cent of the company.

State-owned National

Bank of Greece will act as global co-ordinator together with two international investment banks, Salomon Brothers and HSBC, which were involved in last year's initial public offering of 8

loosen the government's grip on the banking system, starting with the re-privatisation this year of two small state-controlled banks.

The economy ministry is preparing the sale of state-

panies are anxious to raise cash in order to modernise and expand into the Balkans.

Later this year the Public Petroleum Corporation (DEP), a holding group

investors abroad.

It would use the proceeds to finance expansion in the Balkans through downstream investments and participate in new pipeline projects.

A second attempt is being made to re-privatise Bank of Crete, which was placed under central bank administration after a \$200m embezzlement scandal in the 1990s.

The starting price will be lowered from Dr40bn to Dr30bn, and the buyer will be allowed to pay in instalments over three years.

Bids are also being invited for a controlling stake in Bank of Central Greece, a subsidiary of the state-owned Agricultural Bank for the past 15 years.

per cent of the telecoms operator.

Institutions abroad are expected to take up more than half the offering.

The Socialists have accepted partial privatisation through flotations of up to 25 per cent of state-owned corporations on the Athens stock exchange.

They have also decided to owned assets including property near Athens and land controlled by the National Tourist Organisation to private developers, to build high-priced houses and leisure facilities such as golf courses.

A government adviser said ideological objections to privatisation were fading, while state-controlled com-

panies controls two oil refineries, a trading company for petroleum products, an engineering consultancy and two chains of petrol stations, plans to float 10 per cent of its equity on the Athens exchange.

DEP aims to raise about Dr60bn from the offering, which would include a tranche for institutional



# After the trek comes the trap

Rwandan refugees look for someone and somewhere to turn to

Wasted by malaria, Mr Fremont Bitekerezo lies nearly naked under a tarpaulin. His chest, in which every rib is visible, heaves painfully as he speaks in the high-pitched voice of someone on the verge of total exhaustion. "I am afraid of dying here. If I can only get some white man's medicine, then I will be all right and can go back to Rwanda."

For the 100,000 refugees camped 30km south of the Zaire river port of Kisanzani, this marks the end of the road. Since leaving their camps in Bukavu five months ago, they have trekked constantly westwards, through forest and across rivers, in a desperate 500km journey fuelled by terror.

Now they are trapped. To the east lies the swiftly flowing Zaire river, to the west thick jungle, ahead the Alliance of Democratic Forces for the Liberation of Congo-Zaire (ADFL) - the very rebels they have been fleeing all along, now in control of a quarter of Zaire.

And with the evaporation of options has come a radical shift in stance by a community that for nearly three years doggedly cited its fear of the Tutsi regime in Rwanda as its reason not to return. Refugees mill around any official visitor, pleading to be taken home.

"You're no longer getting one person pontificating about security concerns. For the first time, you're getting people spontaneously coming up and begging to be repatriated," said Mr Paul Stromberg, spokesman for the UN High Commissioner for Refugees (UNHCR).

That change may be connected to the departure of most of the former soldiers and militiamen who herded the refugees like sheep out of Rwanda. As the rebels advanced, some 10,000 hard-liners finally abandoned their human shield and headed west towards Opala.

But it is also a reflection of the refugees' physical state. With every move, the sick and old have dropped behind, leaving a community dominated by young men. Hundreds, including Mr Bitekerezo's wife and child, drowned crossing the Zaire river. Bodies scattered along the path south attest to the price paid.

In the shade of the forest canopy, under giant clumps of bamboo, men lie sprawled on tarpaulins, their mouths open, too sick to move. Children have the reddish hair and prominent ridges that signal malnutrition. Clothes hang from gaunt shoulders.

The UN estimates that 120 Hutus are dying a day, three times the death rate considered acceptable in a normal camp. Coming so soon after a UN envoy confirmed

Michela Wrong

# HK bank hits at Bangladesh arrest warrants

By John Ridding in Hong Kong

Peregrine Investment Bank, the Hong Kong investment bank, yesterday protested to the Bangladesh government over what it described as an unjust and politically inspired action against its staff.

The protest follows Thursday's issue of an arrest warrant against Ms Runa Alam, head of the company's investment banking business in Bangladesh. The warrant was among 36 issued against local brokers and dealers in the wake of Bangladesh's stock market crash.

Peregrine, the only international investment bank in Bangladesh, blamed local authorities for failing to control a market bubble which saw the Dhaka stock exchange index rise from 900 to 3,700 in 1996.

"The rise was driven exclusively by domestic retail money and an uncontrolled market in securities that was permitted to operate on the pavement outside the Dhaka stock exchange," the company said.

Peregrine said that it had

warned the authorities about the impending stock market crash and had advised in a letter to the finance ministry in November 1996 how it might be avoided or the effects mitigated.

"Other than for reasons of political expedience, it is incomprehensible why Ms Alam, and with her Peregrine, should be blamed in any way for a classic stock market bust in an under-developed country."

Ms Alam is the owner of SES Securities, through which Peregrine conducts all its international institutional brokerage transactions in Bangladesh. Peregrine said it was not yet aware of the exact nature or scope of the allegations against her, but said it was completely satisfied no justification existed for the issue of a warrant.

The events in Bangladesh are the latest setback in emerging markets for Peregrine. Earlier this year, the investment bank announced closure of its Burma office after disappointing business and legal disputes.

Its Vietnamese operations have also been dogged by legal actions.

Oil exploration move surprises diplomats before talks with Vietnam next week

# China rig leaves disputed zone

By Jeremy Grant in Hanoi

China has withdrawn an oil exploration vessel that prompted a row with Vietnam when it started drilling in part of the South China Sea disputed between the two communist neighbours.

The decision has taken diplomats by surprise. Both sides had agreed to hold talks next week to resolve the issue, simmering since Hanoi protested at the presence of the rig three weeks ago.

In Beijing, an official from China's main oil exploration

company said yesterday a decision had been taken to move the rig because its job was done.

"The exploration work has been completed. Since the work is finished, why would it not leave?"

A foreign ministry official in Hanoi confirmed China had moved the Kanton III rig back to what Vietnam considers "Chinese waters" on April 1.

Since the rig was moved to a position between Hainan Island and Vietnam, Hanoi had insisted China was exploring illegally in its

"exclusive economic zone". Beijing dismissed that claim, saying the rig was operating in its territory.

Relations have improved gradually since diplomatic normalisation in 1991. The two rivals fought a brief but fierce border war in 1979. The incident underlines the fragility of their apparent rapprochement as both countries are keen to step up exploration in an area believed rich in resources.

The Association of South-east Asian Nations (Asean) has offered verbal support for Vietnam, its newest

member. Its concern stems from fears China will make similar moves on the Spratly Islands, also believed to contain oil and gas. These are further south and are claimed by Beijing and most Asean nations.

Diplomats say the fact the rig has been moved less than a month after it started exploration activities indicates Beijing may have been more interested in testing Hanoi's political resolve on the territorial issue than genuine exploration.

Analysts point out that by using a rig mounted on an

ocean-going vessel, as the Chinese did, it is technically possible to spend a very short time exploring one prospect. "It is possible. But I am a little bit surprised at the time they have spent. The bottom line is that you can read either motive from it," an analyst at Wood Mackenzie, an Edinburgh-based energy consultancy, said.

One analyst in Hanoi said China felt it would damage its image internationally to keep the rig in place, regardless of any underlying motives for the exploration work. "They want to appear



a peaceful, normal citizen," he added.

The talks between the two sides are still set for next week, with Hanoi apparently eager to discuss the fact the rig had spent time in waters claimed by Hanoi.

# Beijing proves flexible on HK rights of abode

By John Ridding in Hong Kong

China yesterday signalled a flexible stance on the right of abode for emigrants returning to Hong Kong, allowing them a grace period after the colony's transfer to Beijing's sovereignty on July 1.

The statement, by a senior official, was welcomed by emigrants' groups anxious about uncertainties over the issue and suggestions they would have to return to Hong Kong before July 1 to qualify. Resolution of the issue remains compli-

cated by a Sino-British dispute over Beijing's suggestion that laws on right of abode might be passed by the provisional legislature.

Britain refused to recognise this body, which will replace the existing elected one in July, and has warned that laws passed by the provisional legislature will be subject to legal challenge.

The stand-off has blocked progress in Sino-UK talks on handover arrangements. Mr Wang Fengchao, deputy director of Beijing's Hong Kong and Macao Affairs Office,

said yesterday the length of time emigrants would be allowed to remain outside the territory would be for the post-handover administration to decide.

Emigrants could retain their right of abode, so long as they did not declare foreign nationality. Under Chinese law, dual nationality is not allowed.

Mr Tam Yiu-chung, a member of the future cabinet of Mr Tung Chee-hwa, the territory's post-colonial leader, suggested the grace period could be one to three years.

He was sure laws could be drafted by July 1 to resolve the right of abode issue, but left unclear whether these should be passed by the provisional legislature or the existing body.

Returnees not declaring their overseas nationalities when they return to Hong Kong are regarded as Chinese nationals. But many are worried about how China might treat them if they forfeit foreign consular protection in favour of right of abode in Hong Kong.

Mr Wang said: "Those who have

lost the right of abode will still be allowed to enter and leave Hong Kong freely; they will not be bound by restrictions set out in residence regulations and will be able to live and work in Hong Kong."

Britain and China have sent joint invitations to 400 VIPs for the ceremony to mark Hong Kong's transfer of sovereignty on mid-June 30, British officials say. Up to 4,000 guests are expected to attend. They mainly include ministerial-level officials and heads of international organisations.

# Japan urged to boost domestic growth to block rise in surplus

By William Dawkins in Tokyo

The Japanese government must achieve domestic demand-led economic growth, to prevent a significant increase in the current account surplus, Mr Robert Rubin, US treasury secretary, said yesterday. The issue was "critical".

He warned that "a question arises" if the Tokyo government's strategy of seeking to offset fiscal tightening by economic deregulation were not to work.

"We all need to be very watchful... it is very important that these two objectives are met," Mr Rubin added. His remarks, while generally supportive of Japanese economic policy, reflect US concern over a recent sharp rise in exports to the US, assisted by a weak yen.

Mr Rubin welcomed the fall in the Japanese surplus from a peak of 3.1 per cent of gross domestic product in 1995 to 1.4 per cent now, and was "quite encouraged" by assurances from Mr Ryutaro Hashimoto, Japan's prime minister, and Mr Hiroshi Mitsuoka, finance minister, that the government was dedicated to stimulating the domestic economy.

Despite the Tokyo government's assurances, the current account surplus showed its first year-on-year rise for 17 months in January.

"Current account balances will rise and fall. But it is critical Japan's current account surplus should not rise again to a level detrimental to global growth, that causes trade frictions with Japan's trading partners, and could fuel protectionist sentiments in other parts of the world," Mr Rubin declared.

He emphasised the US did not believe a stronger yen was needed to curb the surplus. "We don't believe in anybody using their currency for trade policies," he declined to specify at what level the Japanese surplus would be too high, but expected the consequences of Tokyo's economic policy to be clear by the early autumn.

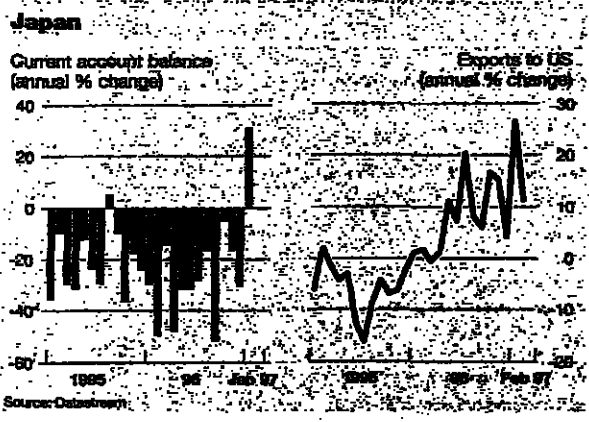
The Tokyo government expects gross domestic product to grow by 2.5 per cent in the fiscal year ended last month to 1.9 per cent this year, mainly because of tax increases and curbs in public spending, implying a fall in Japanese demand for imported goods.

A controversial increase in sales tax from 3 per cent to 5 per cent took effect last Tuesday, the main part of the government's attempt to curb its budget deficit. Japanese policy makers hope deregulation will boost economic activity to compensate for this fiscal drag.

Most private-sector economists in Tokyo warn the initial impact of deregulation will be deflationary, as prices fall and more uncompetitive companies go out of business. Benefits could take a year or two to emerge.

Exports to the US (annual % change)

Source: Daiwa Securities



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### BUSINESSES FOR SALE

#### CALL FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF "RAPANAKIS BROS SA"

ETHNIKI KEPHALOU S.A., Administration of Assets and Liabilities, of the Chrysoskolonias Str., Athens 10564, Greece, in its capacity as Liquidator of "RAPANAKIS BROS SA", a company with its registered office in Athens, Greece, the "Company", presently under special liquidation according to the provisions of Article 4 of Law 1892/1990, by virtue of Decision 2148/17.3.1997 of the Athens Court of Appeal, invites interested parties to submit written offers (280 days from the publication of this call, non-binding written expressions of interest for the purchase of the assets mentioned below, being sold as a single entity.

BRIEF INFORMATION  
The Company was established in 1961 and became S.A. in 1984. Its activities include the operation and standardization of fresh and frozen meat and fish. On 17.3.1997 the Company was placed under special liquidation.

ASSETS OFFERED FOR SALE  
1. A plant in Lakk-Hara (11.5. Moscov Str.) the area of which amounts to 22,377 sqm, approximately, outside the city planning area. This includes the following buildings: a 3-storey one (16,500 sqm, approximately) a one-storey one (928.68 sqm, approx.), as well as certain other smaller ones. This is leased to the company "RAPANAKIS BROS LTD" until 2003, although the validity of the lease is being challenged. Legal proceedings are pending.

2. A plot of land on the New Athens-Corinth National Road, the area of which amounts to 29,500 sqm, approx., which includes certain buildings. According to recent information, which is being investigated this is to be a street aligned.

The assets being sold also include the company's registered name as well as any other rights belonging to it. The Company's machinery and vehicles have been sold to "RAPANAKIS BROS LTD". The validity of the sale contract is being challenged. Legal proceedings are pending.

SALE PROCEDURE  
The Company's assets will be sold by way of Public Auction in accordance with the provisions of Article 464 of Law 1892/1990, as supplemented by art. 14 of L-3009/1991 and subsequently amended) and the terms set out in the call for tenders for the sale of the above assets, to be published in the Greek and foreign press on the date provided by law.

SUBMISSION OF EXPRESSIONS OF INTEREST - OFFERING MEMORANDUM  
For the submission of Expressions of Interest and for obtaining a copy of the Offering Memorandum, please contact the Liquidator: "ETHNIKI KEPHALOU SA Administration of Assets and Liabilities", the Chrysoskolonias Str., Athens 10564 GREECE. Tel: +30-1323 14.34 - 87 Fax: +30-1-321.79.05 (attention Mrs. Maria Frangaki)

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## NEWS: INTERNATIONAL

## Clinton warns on chemical arms pact

By Bruce Clark in Washington

The US could face diplomatic isolation, and its chemicals companies could forfeit hundreds of millions of dollars worth of trade, unless it ratifies the Chemical Weapons Convention, President Bill Clinton warned yesterday.

He urged the Senate to approve the arms control treaty which bans the use, development, production and stockpiling and transfer of toxic weapons, which the US must ratify this month.

Mr Clinton warned that if the Senate failed to approve the treaty, "America will go from leading the

world to joining the company of pariah nations that the CWC seeks to isolate."

In an attempt to soften the opposition to the treaty of Senator Jesse Helms and other conservative Republicans, the administration has offered to make a formal threat of "overwhelming and devastating retaliation" against any country that attacks the US with poison gas.

Administration officials have expressed cautious optimism in recent days that they can win support of the two-thirds of the Senate, the minimum necessary.

The US will lose its status as a

co-sponsor and enforcer of the treaty if the Senate fails to ratify it by April 29, when the accord will enter force as a result of its approval by more than 65 other countries.

If the US does not ratify at all, it will eventually be banned from trade in many chemicals and pesticides under provisions of the treaty which seek to penalise rogue states.

Underlining this point, Mr Clinton said yesterday: "If we are outside this agreement rather than inside, it is our chemical companies, our leading exporters, which will face mandatory trade restric-

tions that could cost them hundreds of millions of dollars."

The US Chemical Manufacturers Association has been among the most vocal supporters of ratification.

With or without the treaty, US companies expect to make billions of dollars in the coming years from the destruction of chemical weapons. The US government alone expects to spend about \$10bn in the next few years on destroying such weapons, and \$17bn more on cleaning up chemical storage and training sites.

Treaty opponents say the production of deadly poison gases is very

easy to hide, using pesticide manufacture as a cover. Arguments have raged over a new category of Russian chemical weapons, known as A-232.

The stridently conservative Senator Helms has led the camp of sceptics who argue that the treaty will be very difficult to verify and will make the US subject to intrusive inspections.

Mr Helms, the chairman of the Senate foreign relations committee, has also sought to link assent to the treaty with broader demands, such as UN reform and the streamlining of the US foreign policy machinery.

## Challenge to nature of Israeli state

On a sunny afternoon last Wednesday, a group of ultra-Orthodox parliamentarians gathered in the Knesset restaurant. They were in a good mood. Some 24 hours earlier, they had won a victory which could fundamentally alter relations between Israel and the Jewish diaspora, as well as change the secular nature of the Israeli state.

The Knesset had passed the first reading of a bill which, if successful in further readings, would make only Orthodox conversions to Judaism lawful in Israel. Orthodox conversions are accepted as the status quo though not enshrined in the law. It has meant, nevertheless, that only those converted by an Orthodox Rabbi can claim to be Jewish.

Many who emigrated to Israel in recent years, particularly the tens of thousands of non-Jews among the 750,000 Russians, have Israeli citizenship but are not registered as Jewish.

Because many did not wish to undergo the strict rigours of an Orthodox conversion and Orthodox way of life - some opting instead for a Conservative conversion - they have not been registered as Jewish by the interior ministry. As a result, their marriages and divorces are not recognised by the Orthodox Rabbinate. They cannot even be buried in a Jewish cemetery.

"This is a scandal," said Rabbi Ehud Bandel, head of the liberal Conservative movement, which has 15,000 members and 45 congregations in Israel. "The ultra-Orthodox have increasingly the monopoly on power. We want the state, the secular body, to recognise our converts. Through this, we will have freedom of religion."

Attempts by the Orthodox political parties to maintain the status quo in conversions, and even go so far as to make it legally binding, came to a head this week because of two cases under consideration by the High Court of Justice.

The first converts a Conservative convert refused registration as a Jew by the interior ministry. The second was filed by a group of Jewish parents who wanted the nationality of their adopted children, converted by a Conservative rabbi, registered as Jewish.

The court concluded the law was not sufficient to prevent the interior ministry registering the Conservative converts as Jews. But if it did not rule that the ministry register the converts, instead, it referred the cases to the Knesset, asking the

government to come up with a reply by the end of this month.

"We had to move quickly. We were afraid that, after the deadline, the court would accept Conservative conversions," said Rabbi Shlomo Benizri, a leading member of Shas, the ultra-Orthodox party in Mr Benjamin Netanyahu's governing coalition.

"We want the status quo maintained. Since the courts have now thrown the issue to the Knesset, we will put pressure on Netanyahu to make this a law. In the coalition agreement, he promised the religious parties; he would make such a law."

The ease with which the first reading was passed - 51 to 32 with seven abstentions - has galvanised the ultra-Orthodox community. Rabbi Benizri says his supporters are considering two options for the bill's further readings: to have only Orthodox conversions recognised in Israel; and to extend this to the diaspora.

"No matter what, we will fight to keep the status quo," Rabbi Benizri declared.

But the Conservative congregations in the US, crucial for raising funds for Israel, are as resentful as the Conservatives in Israel about the growing political clout of the ultra-Orthodox parties.

"It is one of the greatest errors ever made by Israel's Knesset in its relations with diaspora Jewry," said Mr Avraham Burg, head of the Jewish Agency charged with settling Jews in Israel.

"It is not only discrimination of Conservatives and reformists in Israel," said Rabbi Bandel. "The message went to the diaspora: we will take your contributions, your money, your support; all this is welcome. But your interpretation of Judaism is not. It is an insult. I am surprised Netanyahu supports this bill."

Rabbi Bandel claims Mr Netanyahu did so because he is beholden to the ultra-Orthodox parties who hold the balance of power in the government.

When he addresses a Reform Jewish convention during his visit to the US next week, Mr Netanyahu will try to convince his critics among the diaspora that the bill will not harm the status of the Conservative and Reform communities abroad.

Mr Burg says it will take some persuading. "It's a struggle over who is a Jew and who a rabbi; a struggle over who has the monopoly on defining who will join our people."

Judy Dempsey

## Havana's 'note' creates puzzle for embassies

By Pascal Fletcher in Havana

Foreign embassies in Cuba have been puzzled by a mysterious note from the foreign ministry advising them that any form of collaboration with the US Helms-Burton legislation is illegal under state law.

The diplomatic note simply drew the embassies' attention, without explanation, to a single article of Cuba's recently approved "antidote" legislation against the Helms-Burton act.

The cited Article 8 of the Cuban law states that "any form of collaboration, direct or indirect, to assist the application of the Helms-Burton Law is illegal".

It says that such collaboration could include supplying information to US officials, distributing US government publications, or receiving any kind of help of support from the US government.

Havana-based diplomats could not understand why the note, which some interpreted as a warning, was being sent to the embassies of those countries whose businessmen were potential targets of Helms-Burton.

The legislation, which has provoked international oppo-

sition, threatens penalties against foreign investors in Communist-ruled Cuba who "traffic" in expropriated, formerly US-owned properties on the island.

A senior Cuban Foreign Ministry official said the note was meant to be "informative" but declined to elaborate. Some diplomats interpreted it to mean that President Fidel Castro's government would now be even more sensitive to leaks of information about the economy and foreign investment in Cuba.

Cuban Vice-President Carlos Lage said this week that the island was operating under "economic war conditions" because of the tightened US pressure.

Foreign investment operations in Cuba have become shrouded in secrecy since executives of two companies, one Canadian and one Mexican, were barred entry from the US under Helms-Burton.

After receiving the note, at least one embassy planned to advise its businessmen to exercise even more discretion about their activities.

Some diplomats have suggested the note could herald a renewed crackdown against internal political dissent.

## Cuba in crime crackdown

Pascal Fletcher on a move to toughen the penal code

Cuba's harvest of the fruits of capitalism, such as foreign investment and taxation, has been accompanied by some less welcome by-products.

Only a few years ago, the island's state media portrayed such crimes as prostitution, corruption and drug-trafficking as the exclusive preserve of capitalist societies, especially that of Cuba's political arch enemy, the US.

But cut loose from the defunct Soviet bloc, Cuba has increasingly opened up to the outside world and its rulers are starting to confront these problems on their own doorstep. To counter such threats to a society which has enjoyed relatively low levels of serious crime, the authorities are moving to adapt the penal code, and where necessary, toughen it. "We are concentrating a lot on crimes related to the economy," Mr Roberto Diaz Sotolongo, the justice minister, said in a recent interview.

A team of experts from several ministries, including justice and the interior, has been engaged in drafting penal reforms which will identify more clearly new, emerging categories of crime. The process aims to extend modifications to the 1994 penal code which, among other changes, made tax evasion a crime punishable by jail terms of between



Girls in Havana on the look-out for tourists

two and eight years. This complemented a new law that has been gradually reintroducing taxes to a society that lived practically without them for nearly three decades.

Another package of penal reforms has been drawn up, that will target corruption, fraud and prostitution. "Our aim is to stop them from growing," Mr Diaz said.

Besides its increasing exposure to foreign investment and tourism, Cuban society is still adapting to potentially divisive, economic reforms such as the

legalisation of use of hard currency and limited private self-employment.

The resurgence of prostitution and corruption is painful for Cuba's veteran president, Mr Fidel Castro. The revolution he led in 1959 made a point of ridding the island of the girls, gambling and graft for which it had become notorious. In mid-1995, Mr Castro warned Cubans to beware the renewed threat of what he called "the universal capitalist practices of corruption and bribery".

The existing Cuban penal code already penalises bribery and "illicit enrichment", but Mr Diaz said the proposed reforms would specify new categories, such as "influence-peddling", to widen the offensive against corruption. Most foreign businessmen agree that levels of corruption in Cuba are still very low in comparison with many other developing countries. But it is clear the phenomenon exists and appears to be growing.

Breaking past taboos, Cuba's communist youth weekly, Juventud Rebelde, recently reported two serious cases of administrative corruption. One involved the

director of a state importing company who was sentenced to 10 years' jail for accepting bribes to alter a contract in favour of a foreign supplier.

With more foreign visitors then ever - over 1m in 1996 - Cuban society is changing. Despite several police crackdowns, young female prostitutes are a permanent fixture on at least one main Havana boulevard. Cuban authorities have been incensed by some international press reports that have described the island as an emerging sex tourism destination.

Prostitution is not penalised in the existing penal code. But it is targeted by the proposed reforms, which will be tough on pimps and others who seek to make a business out of selling sex. Offences involving children will also be harshly punished, with jail terms that could reach 20 years.

Cuba's police chief claims the island has the world's lowest murder rate. But muggings against foreign tourists have increased. robberies involving firearms are still rare, but cattle-rustling and pilfering from state farms, warehouses and shops is widespread.

Mr Diaz said drugs were not "a social problem" in Cuba. But General Juan Echea, the chief prosecutor, has said that the "explosive mixture" of recent economic and social changes in Cuba had produced "a still insignificant, but now noticeable, increase in the consumption of drugs".

In recent years, Cuban security forces have stepped up efforts to stop Cuba being used by international drug-traffickers as a trans-shipment point between Latin America and markets in the US and Europe. Through increasing co-operation with European and Latin American governments, and even, sporadically, with US authorities, they have intercepted several drug cargoes in Cuban waters and arrested a growing number of drug-carrying foreign "mules" at Cuban airports.

red nose

cyber red nose



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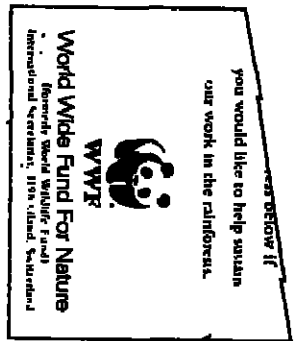
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# Age to of state

government to come up with  
reply by the end of the  
month.  
"We had to move quickly  
we were afraid that, after  
a deadline, the govern-  
ment would accept a conserva-  
tive amendment," said Rabbi  
Levin. He is a leading ultra-  
orthodox party in Mr. Ben-  
Netanyahu's governing  
alliance.  
"We want the status quo  
maintained. Since the court  
is now through the case  
the Knesset will put  
pressure on Netanyahu to  
keep this a law. In the end,  
I agree, no religious  
parties will make such a law."  
The ease with which the  
reading was passed - in  
fact with seven abstentions  
- has galvanized the ultra-  
orthodox community. Rabbi  
Levin says his supporters  
are considering two options:  
the bill's further read-  
ing to have only Orthodox  
versions recognised in  
the law; and to extend this to  
disputes.  
No matter what, we will  
not let the status quo  
be broken," he declared.  
At the Conservative con-  
ventions in the US crucial  
raising funds for Israel,  
as successful as the Con-  
servative in Israel about the  
religious political element of the  
Orthodox parties.  
"It is one of the reasons  
we ever made it here  
and in its relations with  
other Jews," said Mr.  
Levin. "It is the reason of the  
Jewish Agency's contact with  
other Jews in Israel."  
It is not only the reason  
of Conservative and  
Jewish in Israel, said  
a Rabbi. "The message  
to the diaspora is to  
take your contributions  
more, more support.  
It is to let us know that our  
prayer is not in vain."  
It is an Israeli Jewish  
Netanyahu supports  
all.  
The Rabbi says Mr.  
Levin did not speak  
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## NEWS: UK

Game promoted by Conservative lord will be borrowed from Keno system in US

## Rival to National Lottery wins go-ahead

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Inter Lotto, a private company chaired by the Conservative peer Lord Mancroft, has obtained clearance from the Gaming Board to run an on-line lottery game. It will be the first such game to be broadcast to bars, shopping malls and airport lounges in the UK.

Inter Lotto plans to launch, in the autumn, a game similar to the National Lottery but with more frequent draws - possibly several

times a day. It will install 3,000 computer terminals in a variety of outlets and hopes to have 10,000 within two years.

Inter Lotto said it was awaiting the outcome of its application for a patent trademark on the word Keno, a rapid draw lottery game played in the US and Australia in which draws can take place every 10 minutes. It has been criticised for being potentially addictive.

Camelot, the consortium which operates the National Lottery, said yesterday that it was surprised at the Gaming Board's decision. "We

regret it because we don't think the market is right for this type of game. There are social implications, such as whether it encourages excessive gambling. Mancroft has got a licence without a public debate."

The Gaming Board, the body which regulates the UK's gaming industry, granted Inter Lotto a licence to run a lottery for charities three weeks ago. "There is nothing to stop charities running an equivalent lottery to Camelot but on a smaller scale," it said yesterday. The jackpot in a lottery run

for charities is limited to £100,000 (\$159,000).

Lord Mancroft, a reformed drink and drugs addict, said objections were based on perceived fear.

"We are well aware of issues regarding compulsive behaviour and we do not seek to encourage them," he said. The Addiction Recovery Foundation and the Drug and Alcohol Foundation, both chaired by Lord Mancroft, are two charities expected to benefit from the lottery.

Inter Lotto will pay 20 per cent of the £1 ticket price to charity.

Camelot pays 28 per cent to good causes.

Lord Mancroft said he had decided to enter the on-line lottery business partly because scratch-card lotteries had been adversely affected by competition from the National Lottery.

Crown Leisure, the amusement machines group which floated in December, said yesterday that it had taken a 50 per cent stake in Inter Lotto for £100,000. The stake will fall to 25 per cent unless Inter Lotto requests £2m of funds from the group.

## Punters tempted by novelty bets

Wagers on horses are losing out to other forms of gambling as bookmakers explore new markets

The strong element of chance involved in today's 150th Grand National, a unique horse racing challenge of 30 fences over 7km, will not deter punters from collectively gambling more than £80m (\$127m) on the race.

Betting shops and bookmakers apart, the racing world is the only certain winner. Through a statutory levy, negotiated annually with the betting industry, racing receives about 1 per cent of all wagers on horse racing - £50m for the 1995-96 financial year.

The Grand National is racing's most lucrative event. It provides the biggest single levy contribution and is also a powerful marketing tool for the rest of the year's National Hunt and Flat racing seasons.

Yet while the National is enduringly popular with the public, racing's income from bookmakers is increasingly threatened by the growth in novelty betting and wagering on other sports, including greyhound racing, on which no levy is paid.

Since 1990, the proportion of bookmakers' turnover accounted for by horse racing has dropped from more than 75 per cent to about 71 per cent.

A thinner slice would matter less if the cake was growing, but the National Lottery has been bad for business. Levy income for 1995-96 was down £2.6m on the previous 12 months, largely as a result of a drop in betting turnover of more than £120m.

Throughout this slack phase, on-course bookmakers have struggled on at the 59 Jockey Club-licensed race courses, in all weathers and on a diet of only racing. Since 1987 their turnover, a fraction of off-course trade, has been both non-leviable, save a nominal annual fixed

The Grand National has a history steeped in the passions of the ruling classes, Richard Donkin writes.

The race's origins probably date back to 1837, when William Lynn, a hotelier, began it as a diversion for the crowds who flocked to what was then the far more popular Waterloo Cup, the UK's premier hare coursing event.

Hare coursing - dogs racing to catch the wild animals - was in such demand during the last century that up to 80,000 people lined the Withams fields where the coursing took place. One measure of its popularity was that carrier pigeons were used to take the results to London.

It is not clear whether it was moral argument or the electric hare which began the decline of hare coursing. Either way, the steep decline at Aintree, the course where the Grand National is held, gradually began to eclipse the Waterloo Cup. Originally named the Grand Liverpool Steeplechase, the first Grand

fee (£113 last year), and betting with them is tax-free for punters. But even with these concessions, the number of bookmaker permit holders has declined steadily.

Betting outside horse racing appeals to bookmakers because it is safer. Generally, there are fewer unknowns, and therefore less potential for a sting. The greyhound world is smaller and easier to police than horse racing's nationwide network of stables. With gambling on other sports, such as soccer, there are few secrets and, with everyone equally well informed, bookmaking becomes simply risk management.

The bookmakers' enthusiasm for this turf account-

National run at Aintree was in 1839. During the race, a horse called Conrad ejected its rider, a Captain Becher, at the notorious fence that ever since has been referred to as Becher's Brook.

The fences are not as formidable as they once were. The first race included a stone wall and the fence at the Canal Turn caused chaos in the 1928 race, in which only two horses finished. The highest number of horses in the race was 66, the entry for the following year when the fence had been modified.

Perhaps the most celebrated non-winner was Devon Loch in 1956, ridden by Dick Francis who went on to a successful career as a thriller writer. Leading the field, the horse splayed its legs and collapsed on to its belly with the winning post in sight.

No horse, however, embodied the spirit of the Grand National more than Red Rum, the only horse to win three times in 1973, 1974 and 1979. It also came second in 1975 and 1976.

tancy in its purest form is evident from any betting shop window and was behind the introduction last year of the lottery-style "49s" bet. Punters can bet on guessing correctly the numbers (1 to 49) of five balls drawn at random. There is an 11-2 payout for one correct ball, and a maximum 99,999-1 win for five.

Any student of probability would recognise that these odds favour the bookmakers. There is similarly weighted betting on the outcome of the Irish National Lottery draw, once a week.

Bookmakers maintain that non-racing betting attracts new customers to shops - Irish lottery numbers have a strong female following -



As a reminder that terrorism touches the most familiar areas of British life, police carrying automatic weapons were patrolling Aintree racecourse yesterday for the first time in the history of the Grand National.

and that the variety keeps existing punters amused. Racing, they stress, remains their core business.

That has not prevented them exploring other markets such as spread betting, which William Hill and Ladbrokes both offer, though this form of gambling does yield a modest levy on the 10 per cent of its business which is racing.

Certainly, the betting industry is committed to boosting turnover generally, and thus betting on horse racing and the levy. It has lobbied the government for advertising restrictions to be lifted and, with some effect, for greater freedom to market gambling. As a result of deregulation, today's betting

shops are a far cry from the smoke-filled dens of yesterday.

Racing's response to the threat to the levy from other activities has been to set up a joint British Horseracing Board/bookmakers group to consider ways to protect horse racing's share of betting.

Mr Peter Jones, the BHB director heading the initiative, says: "The way forward is co-operation in harmony with the bookmakers. It is in their interests to develop what is over 70 per cent of their business. Racing has to react to competition and make itself more attractive than other betting."

Colin Cameron

## Water industry hits at regulator

By Leyla Boulton, Environment Correspondent

The water industry has launched an offensive against plans by Ofwat, the industry regulator, to secure lower bills for customers after 1999.

Water companies, which include many former state utilities, have lodged objections to Ofwat's proposals for price cuts. Ms Dilys Plant, director of external relations at Ofwat, said yesterday the deadline for company responses.

Ms Plant also revealed that Ofwat would impose quarterly leak reduction targets on Thames Water, one of the biggest water companies, to ensure better progress in tackling its leakage rate - the highest in the country.

She was responding to the publication of leaked internal documents in which Thames Water accuses Ofwat of seeking to coerce it into tougher leakage targets so that it fails to meet them.

According to the documents, which Thames Water admitted were genuine, the company wants to avoid giving Ofwat grounds for imposing price cuts in the 1999 price review if it failed to meet leakage targets.

Mr David Luffman, the company's finance director, said the company was on course to cut its leakage rate by 13 per cent, a target agreed with Ofwat, over the current financial year, which ends in March 1998.

Ofwat has served notice that it will look at the success companies are having tackling leaks before deciding whether to allow them to set prices to cover the cost of building new reservoirs to increase supplies.

## UK NEWS DIGEST

## Jersey fears loss of air link

The financial community in Jersey, largest of the Channel Islands between England and France, is being urged to lobby British Airways amid fears that the island will lose its air link with London's Heathrow airport.

BA are giving up some of their slots at Heathrow as part of their link with American Airlines, but the island's financial community wants the link maintained, believing that business leaders around the world still view Heathrow as London's main international airport.

Mr Robert Ayling, chief executive of the airline, has told a delegation from Jersey that if the link is moved to London's Gatwick airport, a full BA jet service will be operated. Mr Ayling said BA no longer regarded Heathrow as the major London airport and that Gatwick is being developed to be equally attractive for domestic and international passengers.

Philip Jones, Jersey

## TERRORISM

## Bomb scares may cost \$30m

The cost of the bomb scares which paralysed the UK's motorway network over the last two days will reach at least £19m (\$30.2m) according to road haulage and motorist organisations.

The Freight Transport Association estimated that about 133,000 trucks were caught in the gridlock which followed the closure of three motorways in the English Midlands this week. The FTA said the total running cost of the delayed lorries would amount to more than £10m.

The M5 and M6 remained closed yesterday morning as police continued to search an elevated section of the road for terrorist bombs in Walsall. The motorways were reopened in the early afternoon, about 30 hours after the first bomb scare.

Richard Wolfe, Birmingham

## BOSNIA TROOPS

## Concern over possible arms loss

The House of Commons Public Accounts Committee is concerned about the possible loss of ammunition worth £4m (\$6.3m) by British troops serving in Bosnia. In a report into the financial handling of the UK's deployment of troops in Bosnia, the committee described as "disturbing" discrepancies in the handling of large amounts of ammunition and anti-tank missiles.

MPs said there was a breakdown in control over stocks, including 482 Milan anti-tank missiles worth around £4m. While the missiles have since been located, ammunition worth £3.5m is still unaccounted for. The committee backed an inquiry by the Ministry of Defence's Special Investigations Branch into whether the ammunition had been stolen or whether its location had simply not been properly recorded.

Bernard Gray, London

## E-MAIL PORNOGRAPHY

## Bank dismisses accused staff

NetWest Markets, the investment banking arm of National Westminster Bank, has dismissed three junior employees, and disciplined 12 others for allegedly distributing pornography across its electronic mail system. The investment bank said it had taken action after finding that some temporary clerical staff had brought pornographic pictures into the office, and had used electronic mail to send copies of the photographs to others.

The incident is the latest to involve misuse of electronic mail inside organisations. A group of US employees of Morgan Stanley, the investment bank, have claimed they were denied promotion for complaining about racist jokes on electronic mail.

John Gapper, London

## BRITISH NUCLEAR FUELS

## \$31,000 fine over equipment lapse

British Nuclear Fuels was fined £20,000 (\$31,800) yesterday for failing to maintain a 50-year old pipeline bridge used to carry low-level radioactive waste to the Irish Sea from its Sellafield reprocessing plant in north-west England.

In a case brought by the Environment Agency, BNFL admitted breaching a condition of its authorisation to discharge the waste to sea. The company was also ordered to pay £9,844 costs.

Chris Tighe, Newcastle upon Tyne

## Chancellor plays down rift with central bank over interest rates

By Robert Chote, Economics Editor

Mr Kenneth Clarke, the chancellor of the exchequer, yesterday played down what threatens to become a politically contentious disagreement with the Bank of England, the UK central bank, in the run-up to the election.

Following the Bank's call for higher interest rates on Thursday, Mr Clarke

insisted Britain could sustain its current economic growth rate without danger of inflation.

But the chancellor added that the decision on interest rates was "finely balanced" and that the difference between his view and that of Mr Eddie George, the governor of the Bank, only amounted to a quarter of a percentage point.

The chancellor and governor will

hold their last meeting to discuss interest rates before the election next Thursday. City economists believe it is inconceivable that Mr Clarke would agree to raise rates so close to polling day, although most believe they will rise soon afterwards - whoever wins.

Mr George stepped up the pressure in a speech on Thursday, in which he warned that domestic spending was accelerating at an unsustainable pace.

He said that interest rates should rise, even though this would be uncomfortable for exporters already struggling with a strong pound.

Mr Gordon Brown, the shadow chancellor, has warned the Bank that its hopes of achieving independence under a Labour government would depend in part on the monetary policy advice it gives in the run-up to the election. But the Conservatives do not

believe the governor was trying to curry favour with Mr Brown.

"It is not as though Eddie has suddenly broken a Trappist silence," said a Conservative official. "He has been saying this for some time. If he had suddenly called for a three-point rise, that would have looked suspicious."

The Bank is expected to press the case for higher rates even harder if Labour wins the election. But a senior

Bank official conceded that Mr Brown could find himself in a very difficult position.

"If he agrees to raise rates, then he risks being portrayed as a wimp for failing to stand up to us like Cammy Ken did," he said. "But if Brown refuses to raise rates, then things might well get worse and he would be blamed for throwing away the achievement of low inflation."

## 'Greater shareholder control over directors' pay

Extracts from the Liberal Democrat manifesto

■ European Union Law inflation and greater exchange rate stability can be better secured by working with Britain's European partners. The best insurance for this is a single European currency and it is in Britain's interests to take part with others in a single currency. These conditions must be met before this can happen. First, the single currency must be firmly founded on the Maastricht criteria. Second, Britain must meet these criteria. Third, the British people must have said 'yes' in a referendum. If these conditions are in place, Britain should join.

■ Industry We will require companies to publish information on their long-term investment achievements, including environmental performance, research and development, and training. We will introduce greater shareholder control over directors' pay and appointments. We will make export promotion and commercial activity a higher priority for British embassies.

■ Consumers We will promote the establishment of industry-wide Ombudsman schemes to improve complaints procedures and consumer redress. We will strengthen consumer guarantees, improve product standards and labelling, especially for environmental purposes, and encourage products that are easier to repair, reuse and recycle.

■ Privatised utilities We will combine the existing regulators into a single Office of Utility Regulation, reporting to a cabinet minister responsible for consumer affairs. This new office will contain a regulatory board for each industry and will be charged with protecting the consumer and ensuring that excess profits are used to reduce prices and increase investment in improved services. We will protect pension and life assurance savings from fraud. We will work to maintain the City of London's pre-eminence as a financial centre and promote effective international banking standards.

■ The economy We will turn the Bank of England into a UK reserve bank, free from political interference. We will charge the bank with keeping inflation low and make it accountable to Parliament for achieving this goal. Despite the current pre-election mini-boom, the fundamentals of Britain's economy remain weak. We continue to be held back by instability in economic management, an underdeveloped labour force and chronic under-investment. Britain continues to consume too much and invest too little. As part of our strategy to build a sustainable economy, we will shift the burden of taxation from employment to the depletion of natural resources. Our priorities are to cut taxes on things we want to encourage, like jobs, by taxing pollution instead. Our targets include cutting carbon dioxide emissions by 30 per cent from the 1990 level over the next 15 years. The prime minister will report to Parliament each year on the country's success in meeting these environmental targets.

■ Cars We will encourage people to drive more fuel-efficient cars by cutting the annual car tax from £145 to £10 for cars up to 1800cc, over the period of the next Parliament, funded by gradually raising the duty on fuel by approximately 4 pence per litre. We will reform tax relief on company cars to encourage smaller cars and give people new incentives to use public transport for getting to work.

■ Northern Ireland Peace depends on containing and ultimately removing the entrenched hostility between the two main communities. We will establish a power-sharing executive for Northern Ireland, elected under a fair and proportional system of voting. We will strengthen the all-Ireland economy through the creation of effective cross-border agencies. We will invest in education and promote inward investment.

## Centrist party aims to raise taxes

By George Parker, Political Correspondent

Mr Paddy Ashdown, leader of the centrist Liberal Democrat party, said when launching its manifesto yesterday that the party's aim was to turn Britain into "the world's number one learning

## The general election campaign

society". But he warned that people would have to pay higher taxes to fund an extra £2bn (\$3.2bn) a year investment in schools.

The manifesto, accompanied by a full costing of every policy, is designed to give the Liberal Democrats a clear identity as a party brave and honest enough to admit that taxes must rise to improve public services.

Liberal Democrat strategists believe Labour's shift to the centre ground, and the larger party's relatively cautious manifesto, published on Thursday, have given the Liberal Democrats an unexpected opportunity to sharpen their image as a radical left-of-centre force.

Mr Ashdown says his party is "progressive" and dismisses claims that his



Party leader Paddy Ashdown launches "the greenest manifesto"

manifesto is markedly more leftwing than Labour's. "We are told we can't invest any more in our schools and hospitals, because people won't pay for it," Mr Ashdown said at the manifesto launch.

"We are told the poor must not be mentioned in this election because their votes aren't important; we are told that we can't change the way we live to protect our environ-

ment, because people won't think long-term. Well I reject that."

Labour party officials mock Mr Ashdown's willingness to discuss tax increases, arguing that he would not be so reckless if he thought he had a realistic chance of winning the election.

The burden of the proposed tax increases would fall most heavily on those

earning more than £100,000 a year, who would face a new 50 pence top rate of income tax. The resultant £1.4bn would be used to raise tax thresholds, and bring 500,000 low earners out of the tax system.

The Liberal Democrats would also increase the basic rate of tax by a penny to fund their ambitious school spending programme.

The combined effect of the two tax proposals would be to leave the "average taxpayer" facing an increased weekly tax bill of 45 pence, said Mr Ashdown.

The Liberal Democrats extended the tax-and-spend principle to other areas, including ending charges for eye and dental check-ups by raising an extra five pence of duty on a packet of cigarettes.

Petrol taxes would be raised to fund a cut in vehicle excise duty for smaller cars, while taxes would be shifted from employment to pollution. Mr Charles Secrett, director of Friends of the Earth, called it the "greenest manifesto" ever produced by a major political party.

Strategists are pleased the party has been able to focus its campaign on issues of greatest concern to voters. "In the past we have tended to get sidetracked by questions of process, like electoral reform and Europe," said one of Mr Ashdown's aides.

Editorial Comment, Page 8

More news of the election campaign on the Financial Times website: <http://www.ft.com>



## COMMODITIES AND AGRICULTURE

## Coffee still retreating from rally

MARKETS REPORT

By Gary Mead

The recent strong rally in world coffee prices turned further in to a decline yesterday, as commodity funds headed a general sell-off.

May robusta futures fell by 5 per cent to \$1,530 a tonne in early trading in London; though by midday the May contract had recovered to \$1,545 a tonne. It staged something of a rally in the afternoon to close at \$1,570, \$40 down on Thursday's closing price.

The slump in robusta prices on the London International Financial Futures Exchange followed an 8 per cent fall in the price of May futures for arabica beans in New York last on Thursday - down 15.45 cents to fractionally above \$1.77 a pound.

In morning trading in New York yesterday, May futures initially floated lower, to \$1.73 a pound.

By midday US analysts interpreted the local fall in arabica prices as a reaction to market rumours of substantial March stockpiles, figures for which are scheduled for April 15.

However, one New York specialist yesterday disputed the rumoured figure of a 1m increase in 60-day stocks. He added that, in any case, "Once these heavy shipments abate, we could find there's very little coffee around in the second half of the year."

Meanwhile on the London Metal Exchange yesterday the mood was jittery, following the slide of base metals prices on Thursday, when



the spot price for zinc led the downward trend, falling 3 per cent on the day to end at \$1,344 a tonne. Yesterday afternoon it had recovered to \$1,360.

Specialists regarded zinc's fall - after a largely quiet week's trading - as being due to hedge funds taking profits. They remained bullish about prospects for the medium-term.

Oil was also hit towards the end of the week, with the key May contract for Brent on the International Petroleum Exchange dropping to \$18.07 on Thursday, a low point not seen since June 25 last year.

May Brent gained 6 cents to \$18.24 a barrel by mid-afternoon yesterday, slipping 1 cent to \$18.23 by the end. Traders felt that the \$18 mark may soon be tested.

## WEEKLY PRICE CHANGES

	Change	Year	1997
	on week	ago	ago
Gold per troy oz.	\$247.35	-0.50	\$248.00
Silver per troy oz.	\$280.00	-0.00	\$280.00
Aluminium 99.7% (cash)	\$1,531	-25	\$1,556
Copper Grade A (cash)	\$2,371.5	-64.5	\$2,436
Nickel (cash)	\$57.00	-1.00	\$58.00
Zinc SHG (cash)	\$1,243.5	-22	\$1,265.5
Crude Oil WTI	\$27.04	-0.25	\$27.29
Crude Oil Brent	\$27.04	-0.25	\$27.29
Crude Oil OPEC	\$27.04	-0.25	\$27.29
Crude Oil Asia	\$27.04	-0.25	\$27.29
Crude Oil Europe	\$27.04	-0.25	\$27.29
Crude Oil Japan	\$27.04	-0.25	\$27.29
Crude Oil Korea	\$27.04	-0.25	\$27.29
Crude Oil Taiwan	\$27.04	-0.25	\$27.29
Crude Oil Hong Kong	\$27.04	-0.25	\$27.29
Crude Oil Singapore	\$27.04	-0.25	\$27.29
Crude Oil Thailand	\$27.04	-0.25	\$27.29
Crude Oil Vietnam	\$27.04	-0.25	\$27.29
Crude Oil Laos	\$27.04	-0.25	\$27.29
Crude Oil Cambodia	\$27.04	-0.25	\$27.29
Crude Oil Myanmar	\$27.04	-0.25	\$27.29
Crude Oil Brunei	\$27.04	-0.25	\$27.29
Crude Oil Indonesia	\$27.04	-0.25	\$27.29
Crude Oil Malaysia	\$27.04	-0.25	\$27.29
Crude Oil Philippines	\$27.04	-0.25	\$27.29
Crude Oil Thailand	\$27.04	-0.25	\$27.29
Crude Oil Vietnam	\$27.04	-0.25	\$27.29
Crude Oil Laos	\$27.04	-0.25	\$27.29
Crude Oil Cambodia	\$27.04	-0.25	\$27.29
Crude Oil Myanmar	\$27.04	-0.25	\$27.29
Crude Oil Brunei	\$27.04	-0.25	\$27.29
Crude Oil Indonesia	\$27.04	-0.25	\$27.29
Crude Oil Malaysia	\$27.04	-0.25	\$27.29
Crude Oil Philippines	\$27.04	-0.25	\$27.29

For some other currencies, see p. 10.

Source: Reuters, London.

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## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Arranged Metal Trading)

ALUMINIUM, 99.7% (per tonne)

CASH

1550-51.5

1551-16

1552-17

1553-18

1554-19

1555-20

1556-21

1557-22

1558-23

1559-24

1560-25

1561-26

1562-27

1563-28

1564-29

1565-30

1566-31

1567-32

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1662-27

1663-28

1664-29

1665-30

1666-31

1667-32

1668-33

## Precious Metals continued

GOLD COMEX (100 Troy oz; \$/troy oz)

CASH

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## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700  
Saturday April 5 1997

## The ghost at the banquet

**Light! Camera! Action!**  
"Britain is booming under the Conservatives. Things can only get better under Labour. Income tax to start at 20p (Cons). Ditto only 10p (Lab). More cash for caring wives. Output up. Inflation down. Wages up. A new vision..." Ooops! Cut!

The election pantomime was in full swing when Eddie George burst on stage accompanied by a whirl of brimstone. Like a wicked witch, the governor of the Bank of England popped up to spoil the fun right in the middle of the manifesto fairytale. Yes, Britain is (somewhat) booming, he warned this week. And one of you has got to stop it. But neither the Conservatives nor New Labour has the slightest interest in telling voters that they have too much money in their pockets. Not this month, anyway.

Meanwhile, Mr George watches as their manifestos rule out just the kind of actions which it would be sensible to take if his warnings prove true. In the parties' phoney tax auction, the Tories have offered measures which could cost some £7bn over the next few years. This may not seem much compared with projected revenues of £200bn for 1997-98, but it is large compared with the forecast deficit of £19bn.

Labour has been more cautious about giveaways, although it promises to cut VAT on fuel. But like the Tories, it has been busy compiling a list of all the taxes which it will not impose if elected - principally an extension of the VAT base to children's clothes, food and newspapers and rises in the headline rates of personal income tax.

## Austere action

These commitments doubtless leave both parties with room to increase taxation after the election if they should really want to. A reduction in tax allowances such as mortgage interest relief or an increase in the burden on businesses and pension funds by a change to Advance Corporation Tax are the usual promises. However, while the promises of a six-week election campaign are still ringing in voters' ears, it might be difficult for either party to take such austere action.

Why should they want to? The Bank's case for cooling the exuberance of the UK economy has been strengthened by recent economic data - just the data which caused the Tories to launch their "Britain is booming" poster campaign.

On the day that Mr George delivered his warning the first purchasing managers' survey of UK services suggested that the sector is expanding at an annual rate of more than 5 per cent. This, combined with evidence of growing labour shortages, particularly in the computer sector, must be set against wider evidence of strong domestic growth and healthy retail sales.

## Underlying pressure

Although the rise in the pound since last year will help to keep prices down for some time, there are unmistakable signs of underlying inflationary pressure: in the rate of increase in wages (5 per cent), house prices (about 8 per cent) and broad money (11 per cent). Consumer credit is also rising fast (87 per cent up in February compared with a year earlier) and construction industry prices are moving decisively up.

Continued growth of the economy at between 3 per cent and 3½ per cent this year will only increase these pressures, especially if, as City forecasters increasingly believe, sterling's rise will be reversed as the German economy recovers. Although the risks of an inflationary bubble are not yet as great as in the late 1980s, Mr George is right that precautionary action is now needed.

His next meeting with the chancellor, whoever that may be, is scheduled for May 7, six days after the election. He is sure to repeat his demand for a rise in interest rates. This week's speech raises the odds that he will ask for a half-point rise rather than quarter-point. A victorious Labour government would find it hard to deny him, given his plans to edge the Bank towards independence. A sharp rise might dampen an already uncertain equity market, particularly if the US Federal Reserve continues to raise interest rates to contain inflationary pressure. However a bigger worry for the next chancellor would be the effect on sterling. Its strength is already hitting company profits and will help push the balance of trade into deficit.

These difficulties could be reduced if demand was curbed by tax increases. A £4bn fiscal tightening might have roughly the same effect as a half-point rise in interest rates, with the added bonus of slimming down an excessive deficit.

But will it happen? Do not even try to read their lips.

**F**or a big man, Chancellor Helmut Kohl can show a remarkable turn of speed. On Thursday, he caught Germany on the hop by announcing that he would seek a fifth election victory in next year's general election.

The news, given in a television interview during his annual Easter slimming cure in Austria, was unexpected for its timing rather than content. Mr Kohl had been widely expected to declare his candidature by the summer. His decision came after discussions with his family but not, it seems, with close political friends.

Mr Kohl is Germany's longest-serving postwar leader, having become chancellor in October 1982 after the collapse of Helmut Schmidt's left-liberal coalition. If re-elected, he has a chance of beating the 19-year record of Otto von Bismarck, the first chancellor of the newly united Germany in the late 19th century.

His apparent determination to leave such long-serving contemporaries as Mrs (now Lady) Thatcher and the late President François Mitterrand so firmly in the shade testifies to his stamina. But his decision is as much an indicator of his political problems as of his political strength.

At home, he must tackle controversial issues, such as planned reforms of Germany's complex and inequitable income tax laws and its financially fragile pay-as-you-go state pension system.

Internationally, there is a full and difficult agenda covering Nato expansion, reform of the European Union and the introduction of the euro, the EU's single currency.

Making Germany fit to be in the first wave of members of the monetary union on the planned date of January 1 1999 could involve painful economic choices when unemployment, at 4.7m, is at levels last seen in 1933.

Mr Kohl's ability to win four general elections in succession and lead his party, the Christian Democratic Union, with only one or two hiccups for nearly 20 years are a reminder that he should never be underestimated. But the forces working for and against him are closer to balance than ever before.

His capacity to outlast other democratically elected leaders in Europe has been helped by a fair share of good luck. In 1989, for example, the collapse of communism and the crumbling of East Germany helped Mr Kohl see off a nascent internal revolt in the Christian Democrats and prepared the way for his election as chancellor of a reunited Germany in 1990. He was the underdog in early 1994, but economic recovery in that year brought him back to

power in the autumn, albeit with a sharply reduced majority. Rising manufacturing output is again pointing to renewed growth in Germany's economy. However, it is difficult to foresee a recovery strong enough to boost his fortunes substantially. Corporate downsizing in response to competition from abroad means unemployment will stay high.

Admittedly, he didn't look weighed down by woes during Thursday's interview. He felt "super", he said. Looking leaner and a lot fitter after a two-week diet of herbal teas and dry bread rolls, it seemed he just could not wait to get back on the hustings. "Don't you worry about the Kohl election campaign," he declared. "That is something I understand."

In the interview he struck a characteristically optimistic note. Asked about Emu, he forecast that "the euro will come on schedule and Germany will be a member". Told that his party was losing the support of the young, he insisted that "the majority of young people will vote CDU because they know it is the party of the future".

But at 67 he is no longer young. There are some questions over his health. His diet is at times unclear. He has been hospitalised for prostate problems. Although his weight is one of Bonn's few really closely guarded secrets, his estimated 15 stone Silboconstitutes a mighty bulk on a 5ft 3in frame.

The issues of age and health can be overstated, of course. When Germans go to the polls in autumn 1998, Mr Kohl will still be five years younger than Konrad Adenauer, his political mentor, when he first stood for the office of chancellor in 1949.

However, in the past 12 months the chancellor has lost ground politically in a way that is more reminiscent of Adenauer towards the end of his 14 years in office.

The main opposition Social Democrat party (SPD) has recovered from the catastrophic depths it plunked at its congress in Mannheim in November 1995. Then it dumped its leader, the wooden Rudolf Scharping, and replaced him with Oskar Lafontaine, prime minister of Saarland.

The mercurial Mr Lafontaine, beaten by Mr Kohl for the chancellorship in 1990, may not look a threatening opponent. But he has proved a major problem for the ruling coalition by creating a climate of legislative stalemate through a policy of blocking reforms in the Bundestag, the second chamber of parliament dominated by SPD-led states. In Mr Gerhard Schröder, the prime minister of Lower Saxony, the Social Democrats also have a politician who is unloved by his

## Man in the News • Helmut Kohl

## Old campaigner weighs in

Peter Norman on the political problems that led the German chancellor to decide to seek re-election for a fifth term



of loyal and discreet officials. But there have been signs of this system fraying at the edges, notably in the CDU.

Mr Kohl's authority was questioned earlier this year by a group of up-and-coming CDU politicians dubbed the "young wild ones".

There has been a steady trickle of younger, mid-ranking politicians leaving government for the private sector. Some grumble that Mr Kohl has led the party to election victories, but failed to foster new vote-winning ideas.

Certainly, the government was slow to wake up to the importance of global competition. Its attitudes to pension reform and restructuring the welfare state are rooted in a "social market" theory that was more viable in the economically happier times of the 1980s.

Mr Kohl's decision to run again in 1998 should put a lid on this dissent. Yet it is no disrespect to his stature as a European statesman to see him as a sliding plaster candidate. This was apparent in the genuine relief expressed by politicians of all three coalition parties after his announcement.

**T**he chancellor's problem is almost that he has been forced to go on. As Mr Henning Voscherau, the Social Democrat mayor of Hamburg, observed: "Young trees do not prosper under a mighty oak. For that reason, the CDU had no other choice."

If there is one tragedy in Mr Kohl's chancellorship it is that he has no obvious successor. There is a crown prince: Mr Wolfgang Schäuble, the very able leader of the CDU/CSU MPs in the Bundestag. However, Mr Schäuble has been in a wheelchair since being shot in an assassination attempt in 1990 and it is uncertain whether the German people would vote for him as chancellor.

Barring unforeseen circumstances, Mr Kohl's decision has put off the succession question until after next year's election. The critical question now is whether he will win sufficient support for victory in 1998.

Polls warn against complacency. Shortly before his announcement, the Cologne-based RTL television channel asked whether the chancellor should stand again: 67.5 per cent of the 60,000 viewers who called the station said no.

Such a survey is clearly unscientific. But Mr Kohl's candidature has opened up the possibility of adding a new first to the records he already holds. He could, if things go wrong next year, be the first postwar German chancellor to be voted out of office in a general election.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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## UK should rethink Argentina stance

From Mr Alastair Forsyth.

Sir, Your Falkland Islands supplement (April 1) points up some striking characteristics of the islands' situation:

- There are 2,200 permanent residents.
- There is a garrison of 2,000 troops.
- The islanders already have a higher income per head than the UK, and this could rise to Kuwaiti levels if oil is found.
- The oil income, like the fisheries income, accrues to the Falkland Islands government, not to individual islanders, or to the UK.
- The garrison is there for no other reason than to defend the islands against a renewed

threat from Argentina.

This situation is politically unsustainable.

April 2 was the 15th anniversary of the 1982 invasion. The passions of war have subsided. Demilitarising Argentina is a significant trading and investment partner. It is an integral part of Mercosur, the regional common market that is a natural counterpart for the European Union. The Falkland Islands, as your supplement indicates, have grown up.

We have to think again. We need to abandon talk of claims and sovereignty, as Argentina has indicated it is ready to do. Instead, we should be thinking constructively in terms of some sort of co-operative agreement

between Britain and Argentina, securing the continuing autonomy of the islands, with a formula for joint management by Britain and Argentina of these two countries' legitimate interests in the South Atlantic, including the defence of the islands and aspects of their international relations.

If such an agreement were reached, it would bring great benefits to all three parties, it would be a civilised example to the world and it would be a fitting memorial to the Falkland war.

Alastair Forsyth,  
The Gardens, Hoxne,  
Eye, Suffolk IP21 5AF, UK

## Incomprehensible mutterings to the hobbits

From Mr J.C. Bloomfield.

Sir, I enjoyed the article "The reality of fantasy" (March 29/30). However, there was one error I take the liberty in pointing out. It began with a passage of farce: "Ghosh" muttered Gandalf to his hobbit companions. The word "Ghosh" would never have passed Gandalf's lips for the simple reason that neither he nor the hobbits would have known what it meant. It is from the

Black Speech, a language devised by Sauron in the early years, to be spoken by the orcs, the uruk-hai and all the races which served him.

At the time when Gandalf knew the hobbits of the Shire, this language had long passed into disuse, except for a few derivations in the speech of the orcs. Moreover, "Ghosh" means "Fire" or "Flame", a somewhat irrelevant remark under the

circumstances. Had Gandalf wished to say this he would have used Quenya or Sindarin, the elvish tongues, or simply Westron, the Common Speech which was spoken by all hobbits and most of the races of man.

J.C. Bloomfield,  
49 Grantley Avenue,  
Womersley Park,  
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Surrey GU5 0QN, UK

## Cruel irony of venue for Le Pen congress

From Dr W.H. Cull.

Sir, One irony not mentioned in your important article on the Le Pen National Front congress in Strasbourg ("National Front stirs Strasbourg passions", March 29/30) is that Natziweiler, the only Nazi concentration camp on

French soil, was situated near that city. It was the camp where the notorious medical experiments were carried out on Jewish prisoners, and on Jewish bodies after they were murdered. Numerous nationalities, including Frenchmen, were

represented among the prisoners. The warning arising from this proximity and coincidence should be borne in mind.

Witold Gutt,  
79 West Heath Road,  
London NW3 7TE, UK

## Mischievous opinion

From Mr H.M.C. Quick.

Sir, I read Joe Rogaly's articles in your Weekend FT with interest and enjoyment, but he often expresses the view that the study of natural sciences and religious belief are incompatible. For instance, in your March 15/16 issue, in his piece about Chief Rabbi Sacks' book *The Politics of Hope* ("Knowledge, freedom and a poison pill"), he asks: "Will they [Jewish stories like Dumbo] multiply as more people become conscious of the emptiness science says lies within them?" Science does not say there is an emptiness within us. Some scientists, who are atheists or agnostics, may say that they believe that the material world is all that there is. That is very different from the assertion that "science says".

Atheists are found in many walks of life. In fact, science says very little about the spiritual dimension of human life; naturally, because the subject of the natural sciences is the material world. However, many scientists do believe in God and find that their studies increase their wonder for His creation.

Mr Rogaly's repeated presentation as fact of what is at best a highly contentious view is mischievous and damaging to our understanding of each other. What evidence does he have for his assertion?

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FT

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Financial Publishing

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Richard Waters on the factors behind this year's bout of jitters on Wall Street

## A dose of spring fever

The spring jitters are getting to be a Wall Street habit. After soaring in the opening months of the year, US share prices have slipped back with a bump. By yesterday morning, the Dow Jones Industrial Average had retreated below the level at which it started the year and was more than 9 per cent lower than the peak hit in early March.

Though not for some investors, there does not seem to be anything particularly new or scary in this. Last year's late-spring jitters saw the Dow fall back by as much as 11 per cent before recovering in the summer and resuming the stock market's stratospheric climb. And 1994 got off to a thoroughly lousy start, with the Dow falling 12 per cent.

Each time, the same concern has been behind the sell-off - that the US economy is accelerating at an unsustainable rate, raising the risk of inflation. Higher interest rates are the medicine the US Federal Reserve prescribes for such excess. And higher rates serve to dampen consumer demand, discourage companies from pushing ahead with their investment plans and make traditional interest-bearing deposit accounts more

attractive than shares to investors - all things that make the stock market a less hospitable place.

Each time, though, the US economy has fallen back to a more moderate level of growth. And each time, the stock market has recovered from its pessimism to set new records.

"It's déjà vu all over again," says Mr Martin Barnes of Bank Credit Analyst, an investment research firm.

Like many Wall Street watchers, Mr Barnes thinks the market may fall further yet - but that the fundamental bullish conditions that have made the US stock market the place to be in 1996 are still largely in place. It is simply too early to call an end to the great bull market, he believes.

Although this spring picture looks familiar, some things make the 1997 return different - and potentially scarier. For a start, share prices are a lot higher in absolute terms, and in relation to corporate earnings than 12 months or two years ago. That means they could have a lot further to fall.

The profits of US companies grew strongly in the first half of the decade, providing a solid prop for share prices. But for the past year, that momentum has slowed

the average big company increased its earnings by around 7 per cent last year, and is expected to do the same this year.

That is still good at a time when inflation is at a low level. However, it hardly provides the sort of high-octane fuel to keep the stock market moving ahead at its recent pace. Last week's small US interest rate rise - feared by many as the first in a series - looks likely to add to the pressure on corporate profits next year.

It has taken some time for Wall Street to notice this loss of earnings momentum. That explains why many Wall Street analysts have for some time viewed a 10 per cent drop in the Dow as a "healthy correction" - though it might not feel that way to investors who bought at the top of the market.

The decline may be enough to allow the stock market to get its feet back on the ground. On the other hand, it may well take more. There is nothing magic about 10 per cent; such a correction was widely deemed necessary last summer when the stock market was far lower than now, even after the latest drop.

While this should leave room for caution, there are at least some healthy signs in this month's stock market adjustment. One is that some of the hardest falls have been in the most frothy stocks - those considered to have huge growth potential and stellar share prices but with little in the way of hard earnings to show for it.

Typical of this batch of fallen stars is Informa, a maker of database software which saw its market value triple to \$45m during 1995 and 1996. A series of disappointments, capped by a warning this week that its sales had slumped and it would report a loss for the first quarter of 1997, has now brought its share price back to where they were before the ascent began.

"We don't have a crash in the stock market - but we do have a well-deserved crash in over-hyped stocks," says Mr Richard Hoey, an investment manager at Desjardins, one of the country's biggest mutual fund groups. "There are two different stories going on - a popping of the speculative bubble, and a correction in the higher quality end of the market."

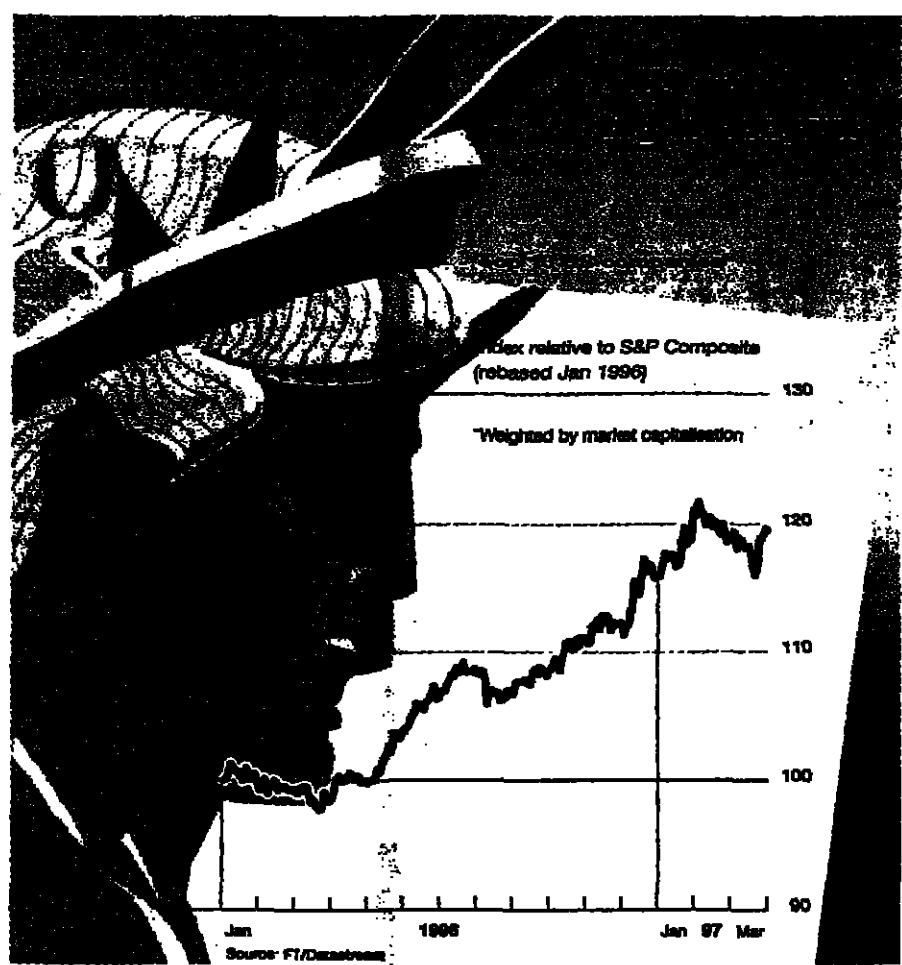
Another mildly encouraging sign is that the US's largest companies have largely been insulated from the worst of the declines. These are the companies which have registered the growth

that has led the stock market's rise in the past two years - well-run companies such as Coca-Cola, General Electric and Microsoft which have gained dominant positions in global markets.

Their steady earnings growth has continued to make these companies good investments, at least until now. Coca-Cola shares traded at around 40 times the company's earnings per share - lofty for a maker of fizzy drinks. But its earnings are growing at 18 per cent a year, points out Mr Richard Bernstein, head of quantitative analysis at Merrill Lynch, the investment bank. That relationship between the growth rate and the earnings multiple is not out of line with the level at which the US stock market has traded over the previous decade, he adds. As a whole, US shares have traded on multiples which average 2.2 times their growth rates in that period. Today, the ratio is around 2 - though a sharper slowdown in earnings would raise a question about such generally sanguine views of the market.

Yet there is one other important difference from the spring jitters of 1996 and 1994. The US economic expansion is now much older.

As yesterday's US employ-



ment data seemed to demonstrate, there is now a higher risk of inflation taking off at even moderate levels of growth. Skilled workers are in short supply and US companies are forced to pay more to attract and keep

staff. That means either trying to raise prices to make up for the increase or swallowing the higher costs and seeing profits fall.

Wall Street's week-long swoon is testament to a growing belief that interest

rates will have to rise further to head off the threat of higher prices.

It may be too early to call time for the bull market of the 1990s but there is plenty of scope for continued spring jitters.

There has been some uncustomed hospitality from Team New Zealand, the defending America's Cup champions, on Auckland Harbour this week.

Four foreign crews have been using Kiwi yachts to race the first of a series of "friendly" regattas building up toward the Cup defence itself in March 2000.

First fought over in 1981, when the schooner America won an inaugural race around the Isle of Wight, the "Auld Mug" is international sport's oldest and arguably most famous trophy. Skulduggery, espionage, and even libel actions against rival skipper have all played their part since.

When Alan Bond, the disgraced Australian tycoon, came up with the innovative - and ultimately successful - idea to lead in 1983, the defending New York Yacht Club tried to have his boat disqualified. That was the first time the trophy slipped out of American hands: the second was in 1995, when Russell Coutts skippered New Zealand's Black Magic to victory in the best-of-nine series, against Young America of the US.

So why are the New Zealanders loaning out boats and personnel to train up the opposition?

"Basically we want to create the greatest yachting event in history when we actually defend the Cup," says Sir Peter Blake, head of Team New Zealand.

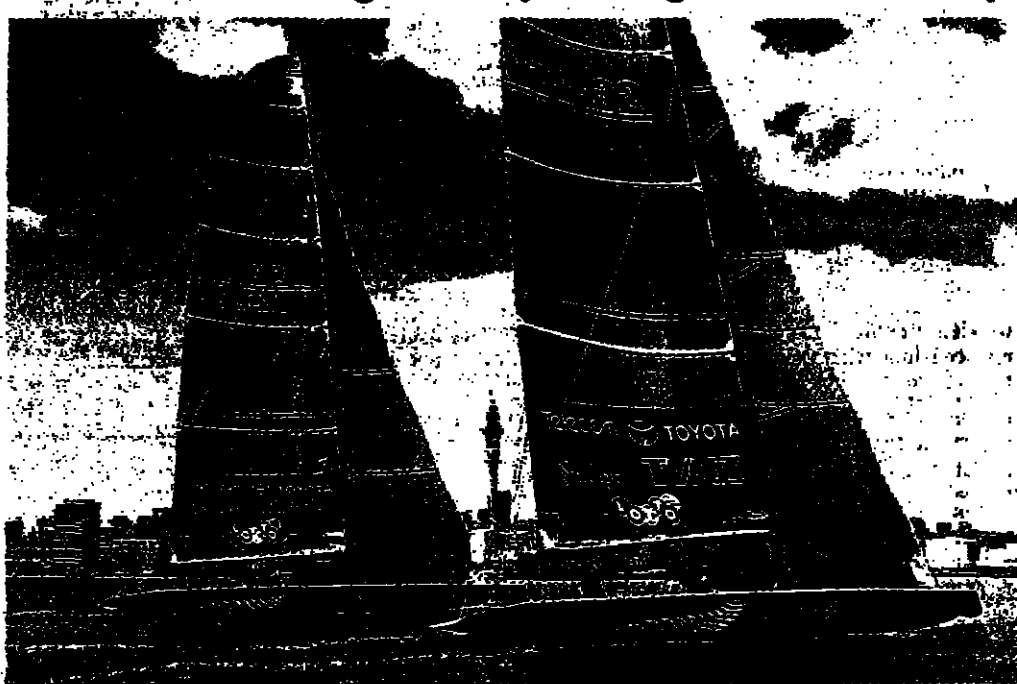
Sir Peter was the inspiration behind the Kiwi capture of the Cup from three-times winning skipper Dennis Connor, off San Diego in 1995.

"We know that unless we make it possible for challengers to come down here and familiarise themselves with the Auckland area and the sea conditions, then the immense isolation of New Zealand will work against that goal."

Sir Peter also knows that unless his helmsmen and crews can stay sharp, against the best opposition, the Cup will not stay

## America's Cup rivals test the waters

Keith Wheatley on a warm-up regatta in New Zealand for the 'greatest yachting event in history'



Wind in their sails: two New Zealand boats undergo testing off Auckland

in the southern hemisphere - as happened in 1987, when a vengeful Mr Connor claimed it back from the Australians.

That same Mr Connor made himself highly unpopular in Auckland last month when he accused Team New Zealand and the New York Yacht Club of wanting to turn the 2000 defence into a "two-horse race".

"I want to come here and race, but having to post a \$200,000 bond on May 14 is tough. Corporate America isn't going to get

behind this event for another year so I can't raise the budget I need until 1999," Mr Connor says. "The New York Yacht Club [with whom Connor is at loggerheads] has all its money coming in privately, so they don't care about things like the television rights that they are sitting on."

The New York Club is close to Team New Zealand and a private regatta regatta between the two crews last weekend (won 4-3 by the Kiwis) allowed the New Yorkers free rein on the yachts.

In practical terms, Mr Coutts' team is not taking that much of a risk. The two identical boats being used for this week's "Road to the Cup" races were built for the 1992 New Zealand challenge and are now among the oldest yachts afloat in the 80ft international America's Cup class.

Technically they were long ago overtaken by newer designs and possess no secrets for sharp eyes to pick up. In any case, the 10 or so likely challengers for the 2000 regatta must use boats designed

and built in their own countries. For Britain, this is both a plus and a minus. On the credit side, the tank-testing facilities vital for successful hull and keel design are so good in the UK that the Kiwi team used them prior to their 1995 victory. However, the British have not had an entry in the America's Cup for 10 years, a long gap in a sport where continuity is important.

"We know that design is where we have to catch up and that's why we have been quietly spending money in that area rather than flashier, more visible activities," says Chris Whitty, project manager for the British Challenge.

Apart from the teams represented in Auckland, this week's other America's Cup challenges have been lodged from Japan, Spain, Australia and even landlocked Switzerland.

The latter is not as laughable as it might seem. Swiss helmsman Pierre Fehrmann, a former Whitbread Round the World Race winner, has teamed up with French skipper Marc Pajot to field a team that is essentially pan-European but Swiss-financed.

Japan will also be a serious contender. It has had well-financed, technically adept challengers at both the 1992 and 1995 cup regattas. While the Japanese sailors have been a little off-kilter in skill terms, they always took a 10-year view of their campaign and are delighted the next cup is to be held in the home waters of the Pacific.

Probably the most obscure and optimistic challenge has come from the tiny US Virgin Islands in the Caribbean. Professional yacht racer Peter Holmberg conceived the entry as a morale-raiser for his fellow islanders after the 1985 hurricanes almost destroyed the local economy.

He needs to raise US\$30m and so far managed \$2.5m locally. "We're a long shot, say 5-1 but I believe we'll make it to the start line," says Mr Holmberg.

## Courtship rebuffed

Bernard Gray on the GEC/Thomson-CSF debacle that has the defence industry goggle-eyed

Witty signs nailed to bars around Britain warn customers not to ask for credit, because a punch in the mouth often offends. The General Electric Company, the UK's largest manufacturing group, must know just how that feels this weekend. Having been tacitly encouraged by parts of the French government to pursue its interest in Thomson-CSF, the defence electronics company which is being privatised, GEC cautiously threw its hat in the ring a week ago. It was thrown back out by the same government yesterday with little explanation and no ceremony.

Frustration, anger and embarrassment must be fighting for supremacy at the company's Stanhope Gate headquarters at this latest twist in the French government's attempt to sell off the defence industry. Everyone else on the European defence scene is watching goggle-eyed for what happens next.

The sale of Thomson is rapidly becoming the kind of story it would be impossible to make up. More than a year ago Mr Alain Gomez, then head of Thomson, and Lord Weinstock, the previous managing director of GEC, agreed that it made eminent sense to put the two companies' defence businesses together.

Immediately Mr Gomez returned to Paris he lost his job. Then President Jacques Chirac announced that Thomson would be privatised as a whole, with the defence and consumer electronics businesses stapled together. Lord Weinstock toured Paris throughout last summer arguing that GEC should figure large in Thomson's disposal because the two companies' defence subsidiaries, GEC-Marconi and Thomson-CSF, had very similar roles.

That effort had little visible effect and a six-month slanging match followed between rival French conglomerates Alcatel and Lagardere, which were accepted as bidders. It was resolved last autumn in favour of Lagardere. The deal was almost immediately thrown out by the country's privatisation commission because of Lagardere's long-standing and public plans to sell the consumer electronics division to Daewoo of Korea.

In despair the government decided to sell Thomson-CSF alone. After criticism that limiting bids to French companies would damage European defence restructuring, it said it would welcome foreign involvement.

Mr George Simpson, GEC's new managing director, thus found himself in Paris late last week, being told by the government that GEC registering its interest in Thomson-CSF "would not cause offence". But hostility in the French press at the idea of a British company acquiring Thomson made the government flinch.

The prospect of a rerun of the Daewoo debacle seems to have been too much to bear, so GEC was out. It is some measure of the embarrassment felt in Paris that government officials flew to London on Thursday night to deliver the bad news to GEC personally. Yet there remains a month

until final bids for Thomson are due from the two remaining bidders, Alcatel and Lagardere - and much may still happen. The French government went out of its way to stress that it would welcome the British company's involvement with either bid, and GEC said yesterday that talks had already started.

The outcome now hinges on how much common ground can be established between GEC and the French - which may prove difficult given the clash between the objectives of the two sides.

The French government is worried that its overmanned state-owned defence industry will not be competitive in Europe. As a result, it wants to restructure in France before entering wider talks to improve its relative position.

Even in areas where France has been competitive, however, it has shown a remarkable reluctance to deal unless it becomes the dominant partner. In the two defence joint ventures, GEC already has with French companies the French side owns a majority of the shares, with legal safeguards to protect GEC.

One defence executive yesterday pointed out that, while France had cited national security concerns as its grounds for excluding a bid by GEC, it had simultaneously described Thomson as Europe's leading defence electronics company. The implication, he said, was that France's real objective was to dominate the European defence scene, in spite of its present weak position.

This trend is leading towards a "Franco-French solution". Thomson and aircraft makers Dassault and Aerospatiale into a French version of Lockheed Martin, the US defence giant. Lagardere appears more open to cross-border rationalisation, but in reality would divide Thomson into small joint ventures with separate foreign partners, each of which it would dominate.

GEC wants to bring together its Marconi defence arm and Thomson-CSF as a whole, eliminating as much duplication as possible and creating a large enough entity to be globally competitive. With Marconi being one of the few strong cards which Mr Simpson has to play, he will not wish to fritter it away on small deals. He has made increasingly clear that, while he would prefer defence rationalisation in Europe, he will look towards a deal in the US if he cannot get it quickly.

Bringing together the conflicting aims of the French government, the French bidders and GEC will not be easy. Time for negotiation is also short, since the government has said it will decide on a winner by May 7.

Yet unless a way is found to bring Thomson-CSF and Marconi together, Europe is unlikely to be able to retain a competitive defence electronics industry. "April 4 1997 may just turn out to have been the defining moment for the future of the European defence industry," said an executive yesterday. It is not a happy thought.

Norma Cohen on the factors encouraging Jews to reclaim assets lost in the Holocaust

## Legacies of history

It was while celebrating the Jewish festival of Succoth with his extended family in Jerusalem last October that Mr Martin Stern, a 47-year-old British businessman, began his quest for the proceeds of his grandfather's insurance policies.

Mr Stern spotted an item in a local newspaper saying the government-owned Bank Leumi intended to sell its Migdal insurance subsidiary to Assicurazioni Generali, the Italian insurer.

"I said to my brother: 'Hey, isn't that the insurance company we've been running after all these years to pay grandfather's insurance policies?'"

The claim by the Stern family is typical of thousands surfacing in Israel, the US and Europe 50 years after the end of the second world war. Holocaust survivors and their heirs have launched an angry and vocal search for assets seized by the Nazis, such as bank deposits, artworks, property - and now the proceeds of insurance policies.

Before the war Mr Stern, Mr Stern's grandfather, was the largest wine producer in the Carpathian Mountains, a Hungarian-speaking region which was then eastern Czechoslovakia. Like other Jews in the area he took out several life insurance policies with Generali, including a dowry policy for his only daughter.

"It wasn't just the wealthy who had policies," Mr Stern says. "Every little Jew had a policy. You could just pay one kopek."

forces closed in, the Nazis rounded up nearly 400,000 Jews in the Carpathians and deported them to Auschwitz, where nearly all died - including Mr Stern, his wife, and four of their six sons.

When Mr Stern's uncle asked Generali to pay out on the policies in August 1945 he was turned down, because he could not provide a death certificate. Within months Generali's assets and liabilities in Czechoslovakia had been nationalised. In spite of repeated correspondence with the Stern family, Generali has disclaimed any obligation to pay, says Mr Stern. The family suspended its quest when Mr Stern's father died in 1989.

The Stern family is one of many in a similar position. Ms Eliseva Anshever, a Tel Aviv-based lawyer, is pursuing claims against Generali on behalf of more than 50 families. Mr Ed Fagan, a New York lawyer, has filed a class action suit against seven European insurers, including Generali, seeking \$7bn on behalf of a group of similar claimants.

In the UK, MPC, a London-based firm of insurance loss assessors, is pursuing a group of 35 claims from policyholders or their heirs who are able to document claims against Generali.

That Generali should figure so prominently in all the cases is

not surprising, insurance analysts say. Based in Trieste, the main port for the Austro-Hungarian empire before the first world war, it had a large share of the life insurance business in eastern Europe.

Generali says its assets in eastern Europe were taken over by communist governments after the war and it has no legal or moral obligation to pay claims. Premiums were required to be invested in local currency and bonds of each country and those assets were seized.

But officials at MPC say insurers do not pay out 100 per cent of investment returns to policyholders. A portion goes towards

I said to my brother:

'Hey, isn't that the insurance company we've been running after all these years to pay grandfather's insurance policies?'

the insurer's reserves and all Generali customers have a claim on these.

"The people who were the insured prior to the war paid premiums which were used to invest in the west - predominantly in France, Italy and the UK," says one MPC official.

Indeed, copies of a Generali policy written in Polish, and obtained by the Financial Times, assure the holder that liabilities "shall be met by the company in Poland but not by all the company assets worldwide."

Insurers such as Generali are only the latest organisations to face claims that they have profited - deliberately or accidentally - from the suffering and deaths of the Holocaust. But why are such claims emerging in an organised manner only now, 50 years after the end of the war?

Mr David Cesarani, professor of modern Jewish history at Southampton University, says the answers to this question are complex. Many of those who lost their entire families felt guilt at having survived. "They didn't want to be seen making a fuss about possessions," he says.

Anti-Semitism remained life in parts of postwar Europe, particularly in the Soviet bloc. To ask for the return of assets might have played into the hands of those eager to caricature Jews as greedy.

Moreover, in many countries, particularly France, the systematic removal of Jewish assets and property had been done through legislation. Although in some cases this was passed by puppet administrations, postwar governments failed to rescind the laws, says Mr Cesarani. "It would have meant challenging a whole legal structure and society which participated in plunder and destruction."

Mr Neville Wylie, research fellow at New Hall, Cambridge, and author of a forthcoming book on UK-Swiss relations, says "I am inclined to think that it has to do with the end of the cold war, and the rethinking and redefining of history."

Eastern European government archives were opened for the first time, providing the basis for legal pursuit of personal assets. And with the end of the cold war, western governments were less inclined to cover up unpleasant memories to shore up western European allies against communism.

But it may be that it is only the passage of time that has made it possible for claimants to press their case. As one official at MPC notes, almost all the claims are being brought not by Holocaust survivors but by their children.

The postwar generation were numbed by the whole process. They just wanted to get on with their lives," he says. "The younger generation are more anxious to know the truth about what happened."



## CURRENCIES AND MONEY

## Dollar mixed

MARKETS REPORT  
By Richard Adams

The US dollar rallied briefly on foreign exchange markets yesterday, after the increase in US employment numbers was lower than expected.

But the dollar was trading nervously as the financial markets turned their attention to stronger components of the report, dealers said. The dollar slithered from its highs in late European trading, after the US equity and Treasury markets fell when Wall Street started trading.

Several analysts said that figures indicating strong wage inflation hardened the case for a further rise in interest rates, probably at the next meeting of the Federal Open Markets Committee (FOMC) on May 30.

By the close of the market in London, the dollar had gained three-quarters of a penny against the German D-Mark. The dollar closed at

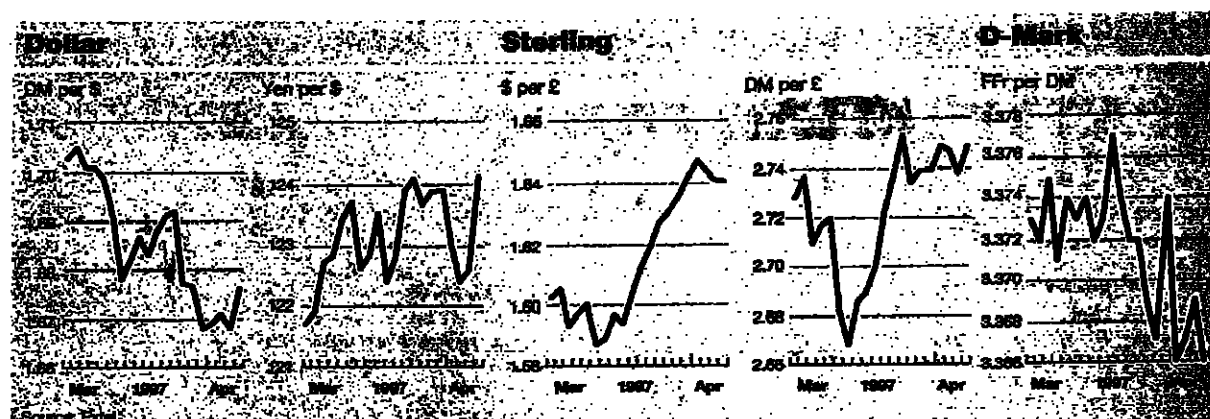
DM1.6758, a rise of 0.75. It gained slightly against sterling, with a pound buying \$1.6403, only a tenth of a cent less than the previous day's closing price.

The dollar rose strongly against the yen. The dollar closed at ¥124.135, up ¥1.95. In Europe, the pound gained a penny to close at DM2.7488, with sterling's trade-weighted index rising to 98.6, up 0.3. The D-Mark edged down slightly against the French franc to FF3.366.

**■ Pounds in New York**

	Apr 4	Apr 3	Apr 2
1p	1.6385	1.6385	1.6385
1m	1.6385	1.6385	1.6385
1y	1.6385	1.6385	1.6385

**■ US non-farm payrolls** rose by 175,000 in March, below many forecasts around 200,000, with February's gain revised down to 253,000 from 339,000. But signs of employment strength could be seen in a 0.4 per cent rise in average hourly earnings, and a



fall in the jobs rate.

Mr Ian Harwood, head of strategy at Kleinwort Benson in London, said: "For the dollar it should be fairly neutral even though it could be vulnerable to a sell-off in the bond market."

Mr Neil MacKinnon, chief economist at Citibank in London, said the earnings figures showed the Federal Reserve was right to be concerned about wage inflation.

"The figures are consistent with tight labour market conditions, and consistent

with another rate move at the May 20 FOMC meeting. I am going for another quarter point rise," Mr MacKinnon said.

The last rate rise by the Federal Reserve, on March 25, sparked a two-week slide in the Canadian dollar after the surge in the US dollar, as international investors sold Canadian investments.

But yesterday the Canadian dollar held its own in light trading, after the announcement of the US fig-

ures, weakening only slightly against the greenback US dollar. In London the US dollar traded at C\$1.3902, little changed from Thursday's C\$1.3972.

The Canadian dollar was helped by buoyant employment figures of its own. Unemployment declined to 9.3 per cent in March, from 9.7 per cent in February. Employment rose by 60,000, the highest since mid-1996.

■ The US dollar was also heavily traded in Asian mar-

kets, after Mr Robert Rubin of the US Treasury, said currencies should not be used as trade policy weapons. During a visit to Tokyo, Mr Rubin urged Japan not to allow its surplus to grow to a level that is detrimental to global growth, that causes trade friction.

But after meeting Mr Ryutaro Hashimoto, Japan's prime minister yesterday, Mr Rubin said: "We don't believe in anybody using their currency for trade policies - us or anybody else."

## POUND SPOT FORWARD AGAINST THE POUND

Apr 4	Closing mid-point	Change on day	%Of spread	Day's Mid	One month %	Three months %	One year %	Bank of India's	
Europe									
Austria (Sch)	19.3465	+0.0748	373	557	18.9000	18.2606	19.2465	2.1	103.7
Belgium (Bfr)	56.5314	+0.1428	893	732	56.9900	56.4300	56.5004	2.6	103.7
Denmark (Dkr)	10.4912	+0.0105	835	650	10.3022	10.4000	10.4362	2.3	103.7
France (Ffr)	10.3465	+0.0107	119	940	8.2922	8.2300	8.3967	2.5	106.3
Germany (M)	9.2538	+0.0297	485	582	9.3000	9.2134	9.2317	2.9	106.3
Greece (Dr)	2.7488	+0.0107	475	500	2.7834	2.7246	2.7422	2.9	106.3
Italy (Lit)	434.94	+0.7103	922	880	436.277	435.992	-	-	106.3
Netherlands (Gld)	1.0409	+0.0009	100	100	1.0429	1.0392	1.0406	0.3	106.3
Portugal (Esc)	2719.86	+0.0032	800	198	2737.05	274.20	2723.28	-1.5	106.3
Spain (Pta)	16.5314	+0.1428	893	732	56.9900	56.4300	56.5004	2.6	103.7
Sweden (Skr)	3.0875	+0.0074	899	791	3.1075	3.0575	3.0974	3.1	103.7
Switzerland (Sfr)	2.2488	+0.0107	475	500	2.2834	2.2138	2.2317	2.9	106.3
UK	257.635	+0.556	588	301	277.431	274.896	275.675	-0.6	94.7
Asia									
China (Rmb)	232.034	+0.383	990	218	230.840	231.590	232.227	-0.7	78.1
India (Rupee)	12.4616	+0.0109	914	714	12.8003	12.4625	12.4428	1.9	102.9
Indonesia (Rp)	2.3488	+0.0049	472	503	2.3787	2.3442	2.34	4.5	103.8
Japan (Yen)	-	1.4002	-0.018	102	1.4205	1.4051	1.407	1.9	1.023
South Korea (Won)	-	1.1821	0.06	102	-	-	-	2.0	1.372
Latin America									
Argentina (Peso)	1.6395	-0.0016	390	400	1.8450	1.6376	-	-	-
Brazil (Real)	1.7355	-0.0003	349	361	1.7440	1.7335	-	-	-
Canada (Cdn)	2.2602	+0.0038	792	814	2.2814	2.2895	2.2744	3.1	2.2837
Mexico (New Peso)	13.8675	+0.0068	934	715	13.9084	12.9851	-	2.9	2.2181
USA (Dollar)	1.15403	-0.0013	398	408	1.15433	1.15379	1.15397	0.4	1.6381
Africa/Middle East/Asia									
Australia (A\$)	8.2129	+0.0008	115	142	8.2142	8.0949	8.2128	0.1	2.112
China Hong Kong (HK\$)	12.7008	-0.0057	938	146	12.7437	12.9877	12.7058	0.4	1.2843
India (Rupee)	25.5709	+0.0195	554	718	25.9000	25.7540	-	0.3	1.2544
Israel (Nis)	1.0416	+0.0054	935	115	5.8229	5.8989	-	-	-
Japan (Yen)	2036.19	+2.141	485	508	2037.55	200.850	202.649	3.7	200.78
Malaysia (Ringgit)	4.0758	-0.0008	785	807	4.0862	4.0890	-	-	-
New Zealand (NZ\$)	1.0416	+0.0054	935	115	5.8229	5.8989	-	-	-
South Africa (Rand)	43.2465	-0.01	923	407	43.5107	43.1493	2.578	-1.5	2.3941
Uganda (Shilling)	8.1520	+0.0338	498	548	6.1894	6.1431	-	-1.3	2.4043
Singapore (S\$)	2.2597	+0.0025	554	595	2.2678	2.2848	-	-	-
South Africa (Rand)	7.2380	-0.0093	348	441	7.2709	7.2484	-	-	-
South Korea (Won)	148.7	-0.17	103	882	147.55	146.518	-	-	-
Taiwan (NT\$)	45.1903	-0.0275	437	439	45.3527	45.1518	-	-	-
Thailand (Baht)	42.6232	+0.0314	692	772	42.7090	42.4310	-	-	-



## UNIT TRUSTS

## WINNERS AND LOSERS

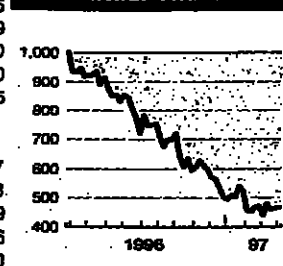
## TOP FIVE OVER 1 YEAR

Johnson Fry Slater Growth	1,415
Gartmore UK Smaller Companies	1,319
NatWest UK Smaller Cos	1,250
Schroder Smaller Companies Inc	1,240
Abbey Latin American	1,225

## BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	467
F&C Japanese Smaller Cos	558
Baring Korea	559
Save & Prosper Korea	566
Five Arrows Japan Smaller Cos	580

## Old Mutual Thailand



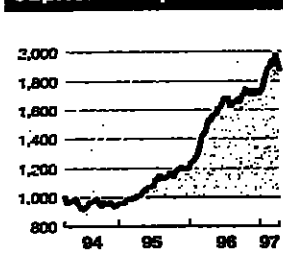
## TOP FIVE OVER 3 YEARS

PM North America Growth	1,877
Jupiter European	1,877
Johnson Fry Slater Growth	1,832
Hill Samuel US Smaller Cos	1,818
Gartmore UK Smaller Companies	1,807

## BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	464
Govett Japan Strategy	467
Five Arrows Japan Smaller Cos	473
Fidelity Japan Smaller Cos	476
Edinburgh Japan Smaller Cos	483

## Jupiter European



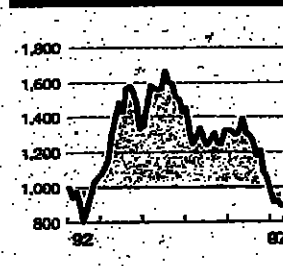
## TOP FIVE OVER 5 YEARS

Jupiter Income	3,568
HSBC Hong Kong Growth	3,396
Mercury Gold & General	3,343
Hill Samuel UK Emerging Cos	3,320
GT Orient Acc	3,218

## BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	834
Friends Prov Japanese Sm Cos	853
Fidelity Japan Smaller Cos	865
Barclays Uni Japan Inc	893
M&G Japan & General Acc	927

## Barclays Uni Japan Inc



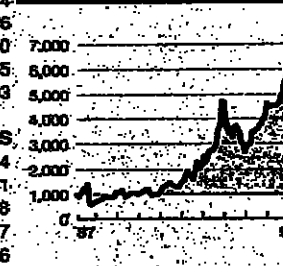
## TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	5,694
Hill Samuel US Smaller Cos	5,496
F&C US Small Companies	5,380
Gartmore Hong Kong	5,365
Abnroast Far East Emerging Econ	5,193

## BOTTOM FIVE OVER 10 YEARS

Barclays Uni Japan Inc	514
Waverley Australian Gold	528
Mercury Japan	567
M&G Japan & General Acc	597
Henderson Japan Smaller Cos	725

## HSBC Hong Kong Gth



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

## Indices

Index	1 year	3	5	10	Volatility	Yield
Average Unit Trust	992	1175	1826	2249	3.2	2.5
Average Investment Trust	1102	1221	1775	2518	4.5	4.5
Bank	1033	1112	1215	-	0.0	4.3
Building Society	1031	1112	1223	1822	0.0	4.0
Stockmarket: FTSE All-Share	1149	1464	2135	2852	2.7	3.7
Inflation	1027	1091	1137	1523	0.4	-

## UK Growth

Index	1 year	3	5	10	Volatility	Yield
Johnson Fry Slater Growth	1415	1832	2581	-	3.6	0.9
Jupiter UK Growth	1133	1773	2147	-	3.1	1.8
Credit Suisse Fellowship Inc	1088	1587	-	-	2.1	1.1
Perpetual UK Exempt	1112	1570	2088	-	2.7	2.2
Sanwa UK Growth	1051	1552	2171	-	3.0	1.8
SECTOR AVERAGE	1076	1327	1986	2230	3.0	1.8

## UK Growth &amp; Income

Index	1 year	3	5	10	Volatility	Yield
Fleming Select UK Income	1160	1483	2131	2485	2.9	3.4
Lazard UK Income & Growth	1093	1450	2022	2531	2.8	4.1
Fidelity UK Dividend Growth	1089	1452	-	-	2.6	2.3
Gartmore UK Index	1149	1449	2015	-	2.9	3.0
Proffice UK Blue Chip	1098	1441	2122	-	3.1	2.9
SECTOR AVERAGE	1080	1306	1898	2403	2.9	2.7

## UK Smaller Companies

Index	1 year	3	5	10	Volatility	Yield
Gartmore UK Smaller Companies	1319	1807	2574	2531	3.4	0.2
Laurence Keen Smaller Cos	1160	1772	-	-	3.0	1.1
ABIS Smaller Companies	1132	1688	2372	-	3.1	0.8
INVESTCO UK Smaller Companies	1163	1748	2287	-	3.9	1.1
Britannia Smaller Co's Acc	1147	1610	2291	2557	3.3	0.5
SECTOR AVERAGE	1075	1290	2098	2114	3.0	1.4

## UK Equity Income

Index	1 year	3	5	10	Volatility	Yield
Jupiter Income	1162	1785	2368	-	2.8	4.0
Lazard UK Income	1116	1520	2289	3022	2.7	4.5
River & Mercantile 1st Income	1098	1437	2255	-	2.8	4.0
Britannia High Yield Inc	1100	1435	2332	3112	2.6	3.9
Royal Life High Income (Dis)	1097	1417	2046	2177	2.7	3.8
SECTOR AVERAGE	1075	1273	1987	2431	2.8	4.5

## UK Equity &amp; Bond Income

Index	1 year	3	5	10	Volatility	Yield
Proffice Extra Income	1047	1295	1982	2305	2.5	4.5
Cazenove UK Equity & Bond	1086	1273	-	-	3.2	6.2
Cler Mid Retirement Income Inc	1062	1253	2034	-	2.9	5.5
CU Prudential High Yield	1115	1262	1969	2620	2.9	5.4
Prudential Distribution Inc	1083	1255	-	-	1.8	5.3
SECTOR AVERAGE	1054	1183	1819	2019	2.3	5.4

## UK Eq &amp; Bd

Index	1 year	3	5	10	Volatility	Yield
BWD Balanced Portfolio	1133	1472	2339	-	3.1	1.2
Perpetual High Income	1090	1385	2448	-	2.2	3.2
Credit Suisse High Income Port	1055	1362	2320	-	2.6	4.0
Henry Cooke Balanced	1060	1342	-	-	1.8	2.4
NPI UK Extra Income Inc	1061	1337	2141	-	2.4	3.0
SECTOR AVERAGE	1069	1292	2015	2348	2.5	3.2

## Gilts &amp; Fixed Interest

Index	1 year	3	5	10	Volatility	Yield
Abnroast Fixed Interest	1133	1231	2238	2584	1.7	8.7
M&G Gilts & Fixed Interest	1104	1208	1451	1884	2.0	8.4
Henderson Preference & Bond	1080	1187	1594	2032	1.5	8.1
Thornhill Preference Inc	1064	1168	1782	2342	1.8	8.2
Britannia Gilts & Fixed Int Inc	1058	1182	1331	-	1.7	8.1
SECTOR AVERAGE	1050	1119	1468	1963	1.7	8.5

## International Equity Income

Index	1 year	3	5	10	Volatility	Yield
Martin Currie Int'l Income	1052	1237	1977	-	2.7	2.9
Mayflower Global Income	1029	1227	1839	2032	2.6	4.1
GT International Growth	990	1217	1912	2494	2.4	2.6
Dolphin Int'l Gth & Income	1009	1203	1823	1988	2.8	2.2
M&G International Income	899	1174	1876	2449	2.3	4.3
SECTOR AVERAGE	1012	1165	1840	2084	2.5	3.3

## International Fixed Interest

Index	1 year	3	5	10	Volatility	Yield
Baring Global Bond	1002	1146	1612	-	1.6	6.2
Barclays Uni European Bond Inc	1046	1130	-	-	1.2	5.9
Old Mutual Worldwide Bond Inc	967	1107	1393	-	1.8	5.0
Mercury Global Bond Acc	959	1086	1445	-	1.7	4.9
TSB International Income Inc	857	1085	1417	-	1.7	4.6
SECTOR AVERAGE	921	1007	1334	1597	1.9	5.3

## International Equity &amp; Bond

Index	1 year	3	5	10	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1081	1375	1978	-	2.1	2.9
Cazenove Portfolio	1023	1258	1953	-	2.0	2.1
Fleming General Opportunities	1118	1277	-	-	2.5	3.2
Gartmore PS Long Term Balance	1055	1253	1955	-	2.4	2.6
NPI Worldwide Income Inc	984	1242	1751	-	2.5	1.5
SECTOR AVERAGE	1009	1165	1667	2234	2.2	2.5

## International Growth

Index	1 year	3	5	10	Volatility	Yield
Proffice Technology	840	1765	3161	4242	6.4	-
Franklin Health	840	1723	2210	4989	6.9	-
Save & Prosper Growth	1100	1592	2890	3423	2.8	1.7
Guinness Flight Global Privt	1132	1387	-	-	3.7	1.1
Fidelity Global Privatisation	1046	1384	-	-	3.7	0.3
SECTOR AVERAGE	969	1132	1773	2111	3.2	1.0

## Nth America

Index	1 year	3	5	10	Volatility	Yield
PM North America Growth	899	1877	2812	3898	4.5	0.0
Hill Samuel US Smaller Co's	997	1818	2674	3485	5.3	-
Edinburgh North American	1058	1716	2794	3063	3.5	0.6
Martin Currie North America	1058	1655	2411	2816	3.2	0.0
Royal Life United States	1028	1608	2680	3207	3.4	0.3
SECTOR AVERAGE	971	1356	2003	2567	3.9	0.5

## Europe

Index	1 year	3	5	10	Volatility	Yield
Jupiter European	1161	1877	3036	-	3.3	0.2
M&G Treasury	1152	1724	2600	2838	3.5	0.5
Baring Europe Select	1082	1617	2550	2833	2.8	-
Gartmore European Sel Opps	1081	1605	2284	-	2.7	-
INVESTCO European Growth	1113	1601	2771	2796	3.8	-
SECTOR AVERAGE	1046	1320	1977	2478	3.0	0.8

## Japan

Index	1 year	3	5	10	Volatility	Yield
GT Japan Growth	842	859	1407	1372	3.2	-
Martin Currie Japan	780	814	1600	-	4.7	-
Murray Japan Growth	743	795	-	-	4.2	0.2
Henderson Exempt Japan	734	793	1411	948	4.8	-
Hill Samuel Japan Technology	721	792	1544	2054	5.5	0.5
SECTOR AVERAGE	677	643	1174	1110	4.7	0.2

## Far East inc Japan

Index	1 year	3	5	10	Volatility	Yield
Govett Greater China	1025	1096	2197	2953	4.1	-
Abnroast Pacific	849	1038	2055	3221	4.0	0.3
Waverley Pacific Basin	858	995	1919	1531	4.0	-
Perpetual Far East Growth	888	973	2191	2932	3.6	0.8
Thornhill Oriental Income Inc	919	972	1600	2233	3.4	3.6
SECTOR AVERAGE	821	883	1715	2088	4.0	0.6

## Far East exc Japan

Index	1 year	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	1177	1477	3398	5894	6.3	0.9
GT Orient Acc	1063	1354	2318	-	5.6	0.1
Credit Suisse Orient Acc	917	1235	-	-	5.8	-
INVESTCO Hong Kong & China	1116	1189	2595	3673	6.2	0.5
HSBC Singapore & Malaysian Gth	884	1185	2396	-	6.2	-
SECTOR AVERAGE	857	998	2107	3642	5.3	0.6

## Commodity &amp; Energy

Index	1 year	3	5	10	Volatility	Yield
M&G Australasian & General Acc	1073	1301	2054	1486	5.0	1.7
M&G Commodity & General	948	1196	2150	2208	4.5	0.3
Save & Prosper Commodity	885	1038	1806	1837	5.5	-
Save & Prosper Gold & Expt'n	722	1000	2317	991	8.7	-
Mercury Gold & General	713	979	3943	-	7.2	0.4
SECTOR AVERAGE	826	1002	2112	1476	5.8	0.5

## Best Peps

Index	1 year	3	5	10	Volatility	Yield
Jupiter European	1161	1877	3036	-	3.3	0.2
Johnson Fry Slater Growth	1415	1832	2581	-	3.6	0.9
Gartmore UK Smaller Companies	1319	1807	2574	-	3.4	0.2
Jupiter UK Growth	1133	1773	2147	-	3.1	1.8
Jupiter Income	1162	1785	2368	-	2.8	4.0
AVERAGE UT PEP	1059	1280	1954	-	2.8	2.8

## Money Mkt

Midland Money Market	1046	1141	1290	-	0.2	5.2
M&G Treasury	1046	1140	-	-	0.1	5.9
Newton Cash Acc	1044	1138	1255	-	0.2	5.3
CU Deposit	1043	1135	1255	-	0.0	5.3
Fidelity Cash	1043	1134	-	-	0.1	5.3
SECTOR AVERAGE	1044	1137	1255	-	0.1	5.4



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## ACRYLICS/LUCITES/TOMBSTONES

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**Facsimile:** 732 842266 **Telephone:** 01732 841100 **ISDN:** 01732 872

Company	Last price	Change on day	Volume on day	High	Low	Company	Last price	Change on day	Volume on day	High	Low
AdmCard	US\$6.125		5000	6.25	6	Espt Telecom ACS	US\$10.5	-1.25	560	12.5	10.825
Advent Systems	US\$10.375	-0.125	6970	11.375	10.25	Imagimex	US\$12.125		7200	12.875	10.5
Charmex	FRF75		11000	18	17	Motor Intemat.	US\$8.5		0	11.375	9
Dt Solutions ADS	US\$22.75	-0.625	3000	28	20.875	Parich	US\$24.75		4000	26.25	23.375

Prices for 4/4/97. Please note that trading prices are currently used to calculate Netba's end-of-day

Information about EASDAQ can be found on the Web site at: [HTTP://WWW.EASDAQ.BE](http://www.easdaq.be)  
EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 9600)

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**Initial charge:** Charges made by a unit trust manager. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the buying price of units.

**Selling price:** Also called bid price. The price at which units are sold back by the issuer.

**Treatment of manager's periodic charge:** The letter C denotes that the trust deducts all or part of the manager's periodic charge from capital, except the manager's fee

**Editorial:** The letter E denotes that an edit charge may be made when you sell units. The number in the edit charge box indicates the number of units to be sold.

**Notes:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The market value of the unit trust is shown in the column headed "Market Value."

Investment funds are listed by time zone. The symbols are as follows: (V) - 0001 to 1100 hours; (B) - 1101 to 1400 hours; (H) - 1401 to 1700 hours; (N) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.



## INSURANCES











**FT MANAGED FUNDS SERVICE**

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**INVESTMENT TRUSTS - Contd.**[illegible]

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11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1041 1042 1043 1044

[illegible]

Country	Year	Value
Algeria	1997	1.0
Algeria	1998	1.0
Algeria	1999	1.0
Algeria	2000	1.0
Algeria	2001	1.0
Algeria	2002	1.0
Algeria	2003	1.0
Algeria	2004	1.0
Algeria	2005	1.0
Algeria	2006	1.0
Algeria	2007	1.0
Algeria	2008	1.0
Algeria	2009	1.0
Algeria	2010	1.0
Algeria	2011	1.0
Algeria	2012	1.0
Algeria	2013	1.0
Algeria	2014	1.0
Algeria	2015	1.0
Algeria	2016	1.0
Algeria	2017	1.0
Algeria	2018	1.0
Algeria	2019	1.0
Algeria	2020	1.0
Algeria	2021	1.0
Algeria	2022	1.0
Algeria	2023	1.0
Algeria	2024	1.0
Algeria	2025	1.0
Algeria	2026	1.0
Algeria	2027	1.0
Algeria	2028	1.0
Algeria	2029	1.0
Algeria	2030	1.0
Algeria	2031	1.0
Algeria	2032	1.0
Algeria	2033	1.0
Algeria	2034	1.0
Algeria	2035	1.0
Algeria	2036	1.0
Algeria	2037	1.0
Algeria	2038	1.0
Algeria	2039	1.0
Algeria	2040	1.0
Algeria	2041	1.0
Algeria	2042	1.0
Algeria	2043	1.0
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Algeria	2045	1.0
Algeria	2046	1.0
Algeria	2047	1.0
Algeria	2048	1.0
Algeria	2049	1.0
Algeria	2050	1.0
Algeria	2051	1.0
Algeria	2052	1.0
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Algeria	2058	1.0
Algeria	2059	1.0
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Algeria	2061	1.0
Algeria	2062	1.0
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Algeria	2067	1.0
Algeria	2068	1.0
Algeria	2069	1.0
Algeria	2070	1.0
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Algeria	2073	1.0
Algeria	2074	1.0
Algeria	2075	1.0
Algeria	2076	1.0
Algeria	2077	1.0
Algeria	2078	1.0
Algeria	2079	1.0
Algeria	2080	1.0
Algeria	2081	1.0
Algeria	2082	1.0
Algeria	2083	1.0
Algeria	2084	1.0
Algeria	2085	1.0
Algeria	2086	1.0
Algeria	2087	1.0
Algeria	2088	1.0
Algeria	2089	1.0
Algeria	2090	1.0
Algeria	2091	1.0
Algeria	2092	1.0
Algeria	2093	1.0
Algeria	2094	1.0
Algeria	2095	1.0
Algeria	2096	1.0
Algeria	2097	1.0
Algeria	2098	1.0
Algeria	2099	1.0
Algeria	2100	1.0

11

[illegible]

Rest of Prop	751	-	751	
Agency Trust	200	-1	200	200
Refracts	200		200	200

[illegible]

Invest Cr An Liv	84	11	11
Security Div	107	11	11
Insurance Income	37	11	11

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一、二、三、四、五、六、七、八、九、十、十一、十二、十三、十四、十五、十六、十七、十八、十九、二十、二十一、二十二、二十三、二十四、二十五、二十六、二十七、二十八、二十九、三十、三十一、三十二、三十三、三十四、三十五、三十六、三十七、三十八、三十九、四十、四十一、四十二、四十三、四十四、四十五、四十六、四十七、四十八、四十九、五十、五十一、五十二、五十三、五十四、五十五、五十六、五十七、五十八、五十九、六十、六十一、六十二、六十三、六十四、六十五、六十六、六十七、六十八、六十九、七十、七十一、七十二、七十三、七十四、七十五、七十六、七十七、七十八、七十九、八十、八十一、八十二、八十三、八十四、八十五、八十六、八十七、八十八、八十九、九十、九十一、九十二、九十三、九十四、九十五、九十六、九十七、九十八、九十九、一百。

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## HEALTH CARE

[illegible]

College Ind.	2000	2001
Community Hspd	2000	2001
General Hspd	2000	2001

[illegible]

2462 -1 30

[illegible]

## INSURANCE

[illegible]



Year	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099
1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	

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Figure 2 consists of 12 horizontal panels, labeled (a) through (l), each showing a growth curve. The y-axis represents optical density (OD) and the x-axis represents time in hours. Each panel contains two curves: a control curve (open circles) and an experimental curve (filled circles). The experimental curves show a significantly longer lag phase compared to the control curves, indicating growth inhibition. The panels are arranged in a 3x4 grid. The first row (a, b, c, d) shows the effect of 100 μM inhibitor on different strains. The second row (e, f, g, h) shows the effect of 100 μM inhibitor on different strains. The third row (i, j, k, l) shows the effect of 100 μM inhibitor on different strains.

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The share prices printed on these pages are also available on the internet at <http://www.FT.com>.

SOUTH AFRICANS		1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	
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Highs &amp; Lows shown on a 52 week basis

## WORLD STOCK MARKETS

## NORTH AMERICA

UNITED STATES (Apr 4/US\$)

(25/10)

DOW JONES

S&amp;P 500

NASDAQ

NYSE

AMEX

NYSE

NYSE

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## EUROPE

AMSTERDAM (Apr 4/Euro)

BRUSSELS

LONDON

PARIS

STOCKHOLM

ZURICH

LISBON

MADRID

BARCELONA

VALENCIA

BILBAO

SEVILLA

CORDOBA

MALAGA

CANTABRIA

ASTURIAS

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Rockwell

http://www.rockwell.com

## INDICES

Apr 4/1997

Apr 3/1997

Apr 2/1997

Apr 1/1997

Mar 31/1997

Mar 30/1997

Mar 29/1997

Mar 28/1997

Mar 27/1997

Mar 26/1997

Mar 25/1997

Mar 24/1997

Mar 23/1997

Mar 22/1997

Mar 21/1997

Mar 20/1997

Mar 19/1997

Mar 18/1997

Mar 17/1997

Mar 16/1997

Mar 15/1997

Mar 14/1997

Mar 13/1997

Mar 12/1997

Mar 11/1997

Mar 10/1997

Mar 9/1997

Mar 8/1997

Mar 7/1997

Mar 6/1997

Mar 5/1997

Mar 4/1997

Mar 3/1997

Mar 2/1997

Mar 1/1997

Feb 28/1997

Feb 27/1997

## US INDICES

Apr 4/1997

Apr 3/1997

Apr 2/1997

Apr 1/1997

Mar 31/1997

Mar 30/1997

Mar 29/1997

Mar 28/1997

Mar 27/1997

Mar 26/1997

Mar 25/1997

Mar 24/1997

Mar 23/1997

Mar 22/1997

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Mar 12/1997

Mar 11/1997

Mar 10/1997

Mar 9/1997

Mar 8/1997

Mar 7/1997

Mar 6/1997

Mar 5/1997

Mar 4/1997

Mar 3/1997

Mar 2/1997

Mar 1/1997

Feb 28/1997

Feb 27/1997

## AFRICA

Apr 4/1997

Apr 3/1997

Apr 2/1997

Apr 1/1997

Mar 31/1997

Mar 30/1997

Mar 29/1997

Mar 28/1997

Mar 27/1997

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Mar 25/1997

Mar 24/1997

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Mar 22/1997

Mar 21/1997

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Mar 18/1997

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Mar 16/1997

Mar 15/1997

Mar 14/1997

Mar 13/1997

Mar 12/1997

Mar 11/1997

Mar 10/1997

Mar 9/1997

Mar 8/1997

Mar 7/1997

Mar 6/1997

Mar 5/1997

Mar 4/1997

Mar 3/1997

Mar 2/1997

Mar 1/1997

Feb 28/1997

Feb 27/1997

## INDEX FUTURES

Apr 4/1997

Apr 3/1997

Apr 2/1997

Apr 1/1997

Mar 31/1997

Mar 30/1997

Mar 29/1997

Mar 28/1997

Mar 27/1997

Mar 26/1997

Mar 25/1997

## S&amp;P 500

Apr 4/1997

Apr 3/1997

Apr 2/1997

Apr 1/1997

Mar 31/1997

Mar 30/1997

Mar 29/1997

Mar 28/1997

Mar 27/1997

Mar 26/1997



## WORLD STOCK MARKETS

## Dow slips on jobs data concerns

## AMERICAS

Blue chips were relatively steady by midsession, in spite of some worrisome details in the figures on March employment levels; meanwhile, technology shares staged a modest rebound from the deep losses they had seen since February, writes Lisa Brannen in New York.

The Dow Jones Industrial Average tumbled more than 72 points just after the employment figures were released, but began to recover almost immediately. At noon the blue chip index was off 36.63 at 6,440.72 and the more broadly traded Standard & Poor's 500 lost 1.81 at 748.41. NYSE volume was heavy at 2.68 billion shares.

Although the number of jobs created last month - 175,000 - was below the median forecast of 180,000, there were big upward revisions to wage figures from January and February. Such hints at inflationary pressures in the economy led to speculation that the Federal Reserve might move aggressively to tighten monetary policy on the heels of last week's rate increase.

"It's a relief rally that the numbers didn't come in huge and there is some ambiguity about what's

going happen to rates," said Mr. Anthony Conroy, head of equity trading at Bankers Trust. He added, however, that "we're still in a trading range until we get some more data."

Meanwhile the technology-rich Nasdaq composite bounced up 14.14 at 1,227.90 and the Pacific Stock Exchange technology index climbed 2.4 per cent.

One factor holding back the Dow was a drop of 31¢ at 123.94 in IBM after an analyst at Merrill Lynch lowered the investment bank's intermediate-term rating on the company to neutral from buy.

Elsewhere in the Dow, J.P. Morgan lost 3/8¢ at 26.97 and General Motors shed 1/8¢ at 33.51.

TORONTO, hit by late selling pressure on Thursday, continued to slip lower. At the noon calculation, the 300 composite index was off 23.16 at 5,806.40.

Newbridge Networks led the technology sector higher with a gain of 85 cents to \$40.00, but the broad trend among leading stocks was downwards. Alcan Aluminum came off 50 cents to \$94.50 and Seagram lost 20 cents to \$95.10. Golds were visibly unsettled. Barrick Gold shed 20 cents to \$38.75.

## Telebras lifts Sao Paulo

SAO PAULO rose strongly on news of a tariff increase for the telecom sector. At midsession, the Bovespa index was 267 higher at 9,569, a gain of almost 3 per cent.

Dealers said that volume was heavy, with the buyers piling into Telebras which moved up strongly from the opening bid. Shares in the telecom leader ended the morning session with a gain of 4.60 reais or 4 per cent at 119.70 reais.

SANTIAGO, buoyed by talk of an interest rate reduction and continued

speculation that Endesa, the power giant, can produce strong first quarter earnings, also moved ahead. At midsession, the IPSA index was up 1.02 or nearly 1 per cent at 118.10.

MEXICO CITY followed Wall Street lower at the opening, but recovered quickly on bargain hunting. Although volume was on the low side, dealers said that there had been "some fairly aggressive bottom fishing" by investors.

At midsession, the IPC index had put on 19.27 or 0.5 per cent at 3,760.57.

## Bourses see mood swings after US data

## EUROPE

The US non-farm payroll figures, awaited all week, hit Treasuries and suggested a further fall in the Dow yesterday.

The European mood swung from cheerfulness in the morning to apprehension in the afternoon.

FRANKFURT got a final kick in late trading as the Dow cut its earlier losses. The Dax index came back from an afternoon high of 3,262.13 as bonds weakened, bottomed at 3,209.45, but closed 22.53 higher at an index of 3,285.35.

Turnover fell from DM1.2bn to DM1.0bn. Key blue chips were as volatile as the Dax itself.

In chemicals, BASF, which rose 5.4 per cent on Thursday to a chorus of analytical approval, was down 45 pf to 20 minutes to trade, but ended 35 pf higher at DM63.25.

Elsewhere, Hoechst, higher profile until its recent decision not to float off its pharmaceutical business, emerged from the dog house with a rise of DM6.55 or 2.4 per cent to DM65.10.

Carmakers came back to life, one day late, in response to their good US sales figures, with BMW up DM25.10

## FTSE American Share Indices

Index	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE 100	2100.45	2100.45	2101.14	2102.28	2102.21	2102.30	2101.19
FTSE 250	2121.58	2122.27	2121.51	2122.20	2122.54	2123.15	2123.70

At DM1.338 and Daimler DM1.90 better at DM123.85. Although it said that it was receding a number of S-class Mercedes Impignores for repair.

PARIS rounded off a volatile session with the CAC 40 index marginally ahead. It closed 3.45 higher at 2,517.97 after touching a low for the day of 2,498.72.

Thomson-CSF ran into heavy profit-taking after the French government ruled that GEC of the UK could not bid for the state's 58 per cent stake in the group. CSF, which climbed close to FF200 a month ago, ended off FF15.50 or 2.4 per cent at FF198.50.

Legrand and Alcatel Alsthom, the two French contenders in the bidding, moved in opposite directions. The former fell FF2.20 to FF170.40 while Alcatel, which disclosed that it had

components group, rose FF1.30 to FF166.50 on news of solid first quarter sales.

Summer-Ailbert continued to advance on broker upgrades, gaining FF10.40 to FF190.50 for a two-day improvement of more than 10 per cent.

AMSTERDAM managed to cling to the upside, helped by a burst of activity among publishers where takeover talk appeared to resurface. Wolters Kluwer jumped F1.50 or 4.4 per cent to F127.50, but the best earnings-driven performance came from Eridania Baghin Say, the foods group, its shares surged by FF10 or 7 per cent to FF191.00.

Motor stocks returned to favour. Renault gained

## THE WEEK'S CHANGES

Index	% Change
Paris	-0.3
Frankfurt	-0.1
Amsterdam	-0.5
Zurich	-0.0
Oslo	-0.9
Vancouver	-1.1
Milano	-1.3
Adelaide	+4.3

FF1.10 to FF131.50 and Peugeot put on FF6 to FF160.10 following news of modest redundancies. Valeo, the

## THE WEEK'S CHANGES

Index	% Change
Kuala Lumpur	-0.4
Manila	-0.0
Hong Kong	-2.8
Tokyo	-1.8
Seoul	+0.7
Adelaide	+5.3

Line-chip electricals continued their recent advance. Sony added Y180 to Y9,940, TDK Y90 to Y8,880 and Tokyo Electron Y220 to Y4,600.

Other blue-chip exporters were mixed. Kyocera rose Y30 to Y3,800, but Toyota fell Y10 to Y3,160 and Canon Y30 to Y2,790.

In Osaka, the OSE average fell 83.34 to 19,199.30, volume dwindling to 13.8m shares, while in London the ISE/Nikkei 50 index rose 4.21 to 1,449.55.

HONG KONG rose 1.2 per cent, but put the gain down

to a technical rebound. Brokers said the market was a little oversold and that many investors were staying on the sidelines in advance of yesterday's US employment data. The Hang Seng index rose 149.42 to 12,204.53, but turnover was down from HK\$8.98bn to HK\$4.91bn. Big gains were seen in conglomerates, where Wharf Holdings rose HK\$1 to HK\$29.75, and in properties, where Cheung Kong put on HK\$1 at HK\$64.50.

SHOUL raked up gains in shipbuilders, on news that Hyundai ordered for the first quarter of this year had leapt by 16.7 from a year earlier, and in petrochemicals as investors reckoned that the sector would benefit from a fire, and the resulting suspension of a polyethylene plant in Japan.

The composite index rose 8.68 to 697.42. In shipbuild-

ers, Daewoo Heavy jumped Won350 or 4.9 per cent to Won4,800, Hanjin Heavy by Won550 to Won7,520 and Samsung Heavy by Won590 to Won7,998. Among the polyethylene manufacturers, LG Chemical rose Won600 to Won10,900, Daewoo by Won440 to Won6,500 and Hanjin Chemical by Won650 to Won8,950.

BANGKOK bought ahead of Monday's public holiday, foreign speculation in major bank and energy issues taking the SET index up 8.08 to 714.10 in turnover of B\$3.4bn.

KUALA LUMPUR took quarter's profits to curb leading to the property market. Sentiment was confused, and the KLCSE composite index hit a low of 1,133.47 before recovering to close 15.73 lower at 1,136.78. Since Darby, seen as significantly exposed to the property con-

struction, attracted local support and ended 30 cents higher at M\$3.50.

MANILA fell for the fifth straight day on the correlation between the US and Philippine equity markets, the composite index closing 44.18 lower at 3,080.59.

The buyers moved back into Johannesburg and shares ended the session at their high for the day.

At the close, the all-share index was 34.7 higher at 7,015.8 following strong gains for industrials and a modest return for golds.

The industrial index added 36.8 to 8,289.1 while golds put on 2.3 to 1,281.3.

Among leading stocks, South African Breweries rose R11.50 to R187.50.

## Economic, financial sector concerns hit Tokyo

## ASIA PACIFIC

Financials continued to suffer from concerns about restructuring plans at Nippon Credit Bank, and reports that leading commercial banks were revising down their earnings forecasts for the business year ended March 31.

NCB fell a further Y15 to Y190, as investors showed their doubts about the bank's reported plan to float new shares at levels below market prices to help increase its capital. Dai-ichi Kangyo Bank fell Y80 to Y1,280 and Bank of Tokyo-Mitsubishi Y80 to Y1,800.

Construction stocks retreated on reports that the four main general contractors had incurred a combined Y20bn in latent losses on their equity portfolios for the year to March 31. Kajima fell Y38 to Y336, Obayashi Y19 to Y696, Shimizu Y10 to Y814 and Taisei Y5 to Y446.

Line-chip electricals continued their recent advance. Sony added Y180 to Y9,940, TDK Y90 to Y8,880 and Tokyo Electron Y220 to Y4,600.

Other blue-chip exporters were mixed. Kyocera rose Y30 to Y3,800, but Toyota fell Y10 to Y3,160 and Canon Y30 to Y2,790.

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## COMPANIES AND FINANCE: UK

## A bitter tale of 'megalomania' and the trap door

Roger Taylor and Chris Tighe on the problems bedevilling the succession at Cowie, the motor distribution and bus group

Beneath the boardroom carpet at Cowie Group's modest Sunderland headquarters is a boarded-up trap door, a relic from the company's early days when motorcycles were hoisted up from the shop beneath for repair.

In more recent days, under attack from former chairman Sir Tom Cowie and Mr Neil Pykett, the sacked former managing director of Cowie Financial Holdings, chief executive Mr Gordon Hodgson must have wished the trap door could dispatch disgruntled ex-board members as easily as it did motorcycles.

Instead, the motor distribution and bus company faces an EGM on Wednesday at which Sir Tom, who describes Mr Pykett's sacking in February for alleged gross and persistent misconduct, as the "last straw", will launch a public attack on Mr Hodgson, the man he chose as his heir apparent.

The board says that Mr Pykett put his own personal interests before those of the company. Shareholders are expected overwhelmingly to support the board recommendation that he be removed as a director.

Even so, his sacking from the group's largest subsidiary without compensation and his refusal to resign his directorship, which triggered the EGM, raise wider issues about how companies handle the departure of aggrieved senior executives. And the

involvement of Sir Tom, who has accused Mr Hodgson of megalomania, has given a bitterly personal edge to a row which highlights the problem companies can face handling management succession - especially when the senior executive is dynamic, ambitious but, in UK company terms, relatively old.

Mr Pykett, who has 30 years' service with the group, believed he was in line to become chief executive when Mr Hodgson reached 65 last September. Instead, Mr Hodgson decided to stay on and gave Mr Pykett no assurances of future promotion.

The company says Mr Pykett refused to be considered in competition with other candidates. Mr Pykett tendered his resignation in October, saying he had lost his motivation and blaming the company's unwillingness to have an open discussion of the succession. Arguments over Mr Pykett's wish to sell shares and other matters ensued, and he was sacked in February.

The company denies Mr Hodgson ought to have gone at 65 and was clinging to power. "Mr Hodgson is of the opinion he still has ambitions for the group. He is only thinking of two to three years. Whenever the board decides it's time for him to go, he would go."

This will have a familiar ring to long-term investors in Cowie. Sir Tom, who resigned as chair-

man in 1993, had remained at the top of the company until he was 71, causing considerable resentment among other managers. He says he was eventually forced out by Mr Hodgson.

Sir Tom, the group's largest private shareholder with 6m shares, says Mr Hodgson is "a good performer" but wields too much power over the board. "Who is going to succeed Hodgson and when?" asks Sir Tom. "I can see him staying there till he drops dead in his office; megalomaniacs are like that."

These comments, retorts the company, are "a bit rich". "Those people who were at the company when Sir Tom was at the helm would understand the term megalomania only too well. The market cap of the company has nearly trebled since Sir Tom left. Mr Hodgson has probably made more money for Sir Tom as a shareholder than Sir Tom made in his time as chief executive."

Mr Pykett's departure may have temporarily ended the succession argument, but it left Cowie with another problem.

He had a three-year rolling contract entitling him to three years' pay in the event of early departure - close to £900,000. He offered to work out his notice or leave with compensation; the company saw itself facing a choice of keeping on a lame-duck director or paying a large compensation bill. Mr Pykett's dis-

missal resolved the problem.

Long contracts have been severely criticised by the Treasury committee on corporate governance because of the high cost of getting rid of unwanted managers.

The usual practice is for companies quietly to agree a pay-off with the manager. But Cowie Group disagrees with the concept of a paying a large sum of money in a settlement behind closed doors. It says it is not afraid to make tough decisions, and has thrived because of that.

Furthermore, the company says it is now changing to one-year contracts for senior directors, following more than a year's discussion. The deadline is its annual meeting on April 24, when Mr Pykett would have come up for re-election. The company says all the executive directors, except Mr Pykett, were keen on this change.

Mr Pykett strongly denies any suggestion that financial motives were behind the timing of his resignation. But he is determined to get his money. If, as expected, he loses the vote on Wednesday, he plans to sue the company for wrongful dismissal.

The case will be watched with interest by company directors planning to jump ship, and by companies with awkward or unwanted directors. Whatever the outcome, the arguments have a long way to run yet.



This town ain't big enough for all of us: Neil Pykett, Sir Tom Cowie and Gordon Hodgson

Finance director expected to remain for 'foreseeable' future

## Contract surprise at BAE

By Bernard Gray, Defence Correspondent

Mr Richard Laphorne, finance director at British Aerospace, has moved from a two-year rolling contract to a fixed one which expires in less than a year, the company's latest annual report and accounts revealed yesterday.

The move - to a two-year contract expiring in March 1998 - will surprise some in the City, who strongly associate Mr Laphorne with the financial recovery of the company, and who are keen to see him continue as finance director.

However, BAE was at pains yesterday to stress that the change does not represent any dilution of the association between Mr Laphorne and the company. The contract can be extended by fixed 12-month periods. BAE said that a renewed contract would be signed with Mr Laphorne this year, and that he was expected to remain at BAE for the foreseeable future.

Mr Laphorne is not thought to have any plans to leave the company, but was not available for comment yesterday.

The change took place when Mr Laphorne became

non-executive chairman of Amersham International last year. Because he will spend 20 days a year with Amersham, BAE's non-executives felt that Mr Laphorne should move to a fixed contract, away from the two-year rolling contract held by BAE's three other executive directors.

Elsewhere, the report gave details of the company's new executive bonus scheme with a maximum bonus of 30 per cent being available for meeting set targets for earnings per share, and a further 30 per cent for cash targets.

These bonuses can be paid in shares, and Sir Richard

Evans, chief executive, and Mr John Weston, joint managing director, opted to take some shares in this way in 1996. The highest paid director was Sir Richard who received £568,000 (£578,000; directors' basic salaries remained unchanged).

Mr Laphorne has an unfunded pension arrangement because he is affected by an inland Revenue cap on pensions, which cost BAE £148,000 last year.

The report also commented on consolidation of the defence industry. BAE said it favours European integration, but that it could not ignore its ties to the US.

## Caledonia springs dividend surprise

By Ross Tienan

Caledonia Investments, the holding company controlled by the Cayzer family, yesterday announced a surprise £25m special dividend to shareholders.

The pay-out comes just months after the company realised a £24m profit on its investment in Bristol Helicopters, which operates support services for North Sea oil rigs.

But Mr Peter Buckley, chairman, denied any particular linkage to the Bristol deal. "It is definitely coincidental," he said.

"The special dividend is to reflect the growth in the value of our shareholders' funds in recent years". The cash will come from deposits of about £20m built up by Caledonia after recent deals.

Under plans unveiled yesterday, investors in Caledonia will receive a tax-free supplementary dividend of 30p a share. It will be paid on May 1, together with a second interim dividend of 12.5p, making 19p for the year to March 31, up 19p on 1996.

In the past, Mr Buckley has been outspoken in praising the economic strength achieved by Britain under the Conservatives. That praise was coupled with concern that Labour might prove less benign if it were to win power.

Yesterday he rejected any suggestion that the polling-day pay-out reflected a desire to distribute funds to the Cayzer family before any tax changes that might follow a Labour victory.

But he acknowledged: "Times such as these are always a bit uncertain". The plan to distribute surplus cash took analysts by surprise. But they were united in their support for the proposal.

Mr Wayne Gerry, at Kleinwort Benson, said: "Caledonia is a rather unique animal because it is controlled by the family. It is nice that they have recognised the other shareholders. All credit to them that they have done so."

Mr Robert Munby, at BZW, said the distribution appeared to reflect "pretty good growth" in Caledonia's net asset value.

He is predicting a net asset value for the year to March 31 of 785p a share, against 781p for 1996. Shares in the group eased 11½p yesterday to 753½p.

Caledonia became the principal investment vehicle for the Cayzer family a decade ago, after they sold out of British & Commonwealth. Today they own an estimated 45 per cent of a group valued at £350m.

Activities of the group range from financial services, where it has substantial stakes in Exco, the moneybroker and Close Brothers, the merchant bank, to ownership of the Sloane Club and a stake in Harry Ramsdens, the chip-shop chain.

## National Power in clean coal generating move

By Simon Holberton

National Power, Britain's biggest generator, is expected to announce on Monday that it will join RJB Mining, the English coal producer, and Texaco, the US oil company, in developing Britain's first commercial clean coal-fired power station.

The 400MW station will be sited at RJB's Kellingley colliery in West Yorkshire and is expected to cost about £300m. It will use clean coal technology developed by Texaco.

Clean coal technology involves the gasification of coal, and then burning the product in a gas-fired turbine. Most of the pollutants normally produced by burning coal are eradicated in the combustion process.

Clean coal technology is seen by many as a potential saviour of the British coal industry. The outlook has been looking bleak with the ending next March of subsidised coal contracts, continued growth in gas-fired power stations, and ever-tightening environmental standards.

Power Link, a coal industry analyst, has forecast a sharp decline in the amount of coal burned in traditional coal-fired power stations. It expects a "coal burn" of 36m tonnes in 1998, compared with 47m in 1996.

By the turn of the century, it sees a further sharp fall in consumption to just 24m tonnes. The financing of the Kellingley project, first mooted in February, has not been decided. Observers said that

if National Power could find the power station on a project finance basis it would require only a modest up-front investment and could be quite profitable.

However, it is believed that NPE's involvement in the project will be contingent on government assistance to the industry by way of a redefined fossil fuel levy, as the price of electricity produced by clean coal technology is above that of other methods of generation.

Both the main political parties have indicated that they would look favourably upon changing the electricity criteria for a new levy. Labour has said it would change the non-fossil fuel obligation into a "green levy" so clean coal power plants would be eligible.

## Jacobs sells Ropner vessel

By Joan Gray

Jacobs, the fast-expanding shipping, transport and property group, has sold one of the vessels it acquired as part of its takeover of rival shipping operator Ropner - the Deeppool - for \$10.3m (£5.4m), to Tedross Navigation of Liberia.

Mr Michael Kingshott, managing director, said a second vessel acquired with the £33.8m purchase of Ropner in February - the Oakby - was under offer for \$12.4m. The disposals were part of

his policy of making Ropner's assets "sweat harder".

Both vessels are Panamax bulk carriers. "The charter market for this type of vessel collapsed in 1996, leading Ropner to take a painful hit which gave me the opportunity to pounce," he said.

The Deeppool was "only contributing \$300,000 a year to operating profits", and the Oakby "less than \$500,000", said Mr Kingshott. Proceeds will be reinvested in Jacobs' fleet.

The Ropner purchase left Jacobs with gearing of 143

per cent and £43m of borrowings. Further disposals planned include Ropner's DAC, Milldale and Melling engineering businesses.

Mr Kingshott is planning further acquisitions, and is also looking at harbours in Asia or America, expected to cost between £70m and £100m. These would be funded by a mixture of debt, cash and shares and undertaken with shareholder consultation.

"We're now out of short trousers and into long ones," he said.

## Drew Scientific shares race

By David Blackwell

Shares in Drew Scientific Group yesterday continued their dramatic recent rise as the medical technology company revealed that it was evaluating a blood test to predict heart disease.

The shares rose 32½p to 185p. Less than a fortnight ago the group placed 971,900 new shares at 62p, raising £506,000.

Drew, floated in 1993 at 105p, specialises in making machines that test blood for diabetes. Last month a note from Yamaichi, the independent broker, predicted it would move from losses to profits of £415,000 in 1998 and £225m in 1999 on sales of £75m.

Mr Keith Drew, chief executive, said the note and the fact that the machines might be able to be modified in order to predict heart disease.

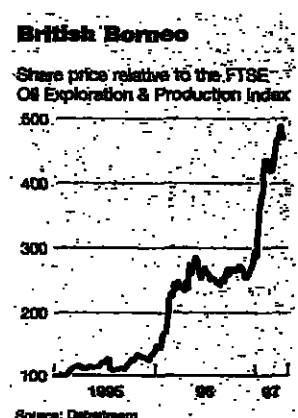
## British-Borneo shares fall on 'disappointing' report

By Robert Corzine

Shares in British-Borneo Petroleum Syndicate, one of the market's top performers in recent months, tumbled nearly 10 per cent yesterday after a "disappointing" drilling report from the US Gulf of Mexico.

The company said the main reservoir at a widely-watched exploration well in the Green Canyon area consisted only of very heavy oil that could not be recovered. British-Borneo's share price had nearly doubled since the start of the year. The shares fell 148½p to £13.91½p.

Mr Alan Gaynor, chief executive, said the Green Canyon well struck a hydrocarbon deposit twice as big as geologists had predicted. But it turned out to be a particularly thick oil similar to bitumen. The find is worthless given its remote



location in the deepwater Gulf of Mexico.

"We're completely puzzled," said Mr Gaynor, by the discovery of heavy oil almost three miles beneath the seabed. "Up to a few days ago we thought we had a 100m barrel discovery." Nearby wells drilled to similar depths have encountered much lighter, commercially recoverable oil deposits. Heavy oil is usually found much closer to the surface.

Mr Gaynor said it would take geologists six months to review the scientific data on the area. He said the discovery of oil within five feet of where the company thought the hydrocarbon column began confirms the accuracy

of its seismic techniques. "But finding heavy oil puts back our understanding of the geology of the area."

The share price had been propelled by the market's recognition of the company's enviable niche position in the deepwater areas of the Gulf of Mexico, one of the world's hottest exploration areas. The shares have been seen as one of the "purest" ways to gain exposure to the area, which is otherwise dominated by big integrated oil companies such as Royal Dutch/Shell and British Petroleum.

Until yesterday the buying momentum behind British-Borneo had enabled it to buck the recent downward trend in the exploration and production sector because of falling crude oil prices.

Mr Ian Reid, an oil analyst at NatWest Markets, said some investors had piled into the stock believing there was little or no exploration risk.

The market's confidence that the company would be able to produce a string of exploration successes had sent the shares to a 100 per cent premium to net asset value, compared with an average of about 24 per cent for the sector.

See Lax

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# COMPANIES FT MARKETS

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## Gazprom chief acts in share structure row

By Robert Corzine in London and Chrystia Freeland in Moscow

Gazprom, Russia's biggest and most politically powerful company, yesterday tried to preempt a possible shareholder revolt by western fund managers who have threatened to sue the giant natural gas monopoly for negligence.

Mr Rem Vyakhirev, Gazprom's chairman, wrote to the company's foreign shareholders vowing to defend a controversial two-tier share structure which western fund managers fear will be breached to their disadvantage.

Last October 1.15 per cent of Gazprom's equity was sold to international investors. The shares, bundled into readily-tradable American Depositary Receipts, were offered at four times the price of domestic-listed equity.

Morgan Stanley and Dresner Kleinwort Benson, the investment banks managing the Gazprom issue, argued that international investors were paying a premium for liquidity, security and more favourable tax treatment. At the time Gazprom executives vowed that there would be no leakage of cheap domestic shares into the international offering.

But western shareholders have become increasingly alarmed that the ringfence might be breached. In February Gazprom beat off a challenge by Regent Pacific Group, the Hong Kong-based investment group whose subsidiary, Regent Gaz Investment



Pledge: Gazprom chairman Rem Vyakhirev

Company, had attracted \$200m of foreign capital specifically to invest in Gazprom's domestic shares.

Many western shareholders remained unconvinced that Gazprom was fully committed to defending the two-tier system. In yesterday's letter Mr Vyakhirev confirmed that Gazprom was investigating "several other schemes aimed at bridging the ringfence".

Mr Vyakhirev said a number of steps would be taken to reinforce the ringfence. Gazprom is considering changes to its corporate charter that would allow it better to monitor and enforce the dual market structure. It has also asked the Russian authorities to change legislation to enhance greater transparency

in shareholder registration. Gazprom is expected to crack down hard on any grey market schemes that do not voluntarily agree to wind up their funds, even though some have been organised by some of the biggest western financial institutions active in Moscow.

The new, hardline approach is said to have been encouraged by the international underwriters of the October offering.

Fears that Gazprom would allow access to the company's shares through the grey funds pushed down the ADS price this week. At one point it fell to \$13.50, well below the issue price of \$15.75 and a recent high of \$23.40. Yesterday's letter helped boost the price to around \$14.50-\$15.

## BNP drops cashpoint lottery incentive

By Andrew Jack in Paris

Banque Nationale de Paris, the French banking group, has cancelled a lottery scheme which for two years has awarded prizes to customers at cash machines to encourage loyalty.

The bank has decided that its efforts to prevent customers using dispensers operated by its rivals were a success, but that it can achieve no more with the scheme.

Two years ago it started a programme called *reflex gagnant* which allowed BNP's customers to win daily prizes and one monthly prize of up to FF100,000 (\$11,000) when they withdrew money from its network of 2,000 branches.

France has long operated a sophisticated cash dispenser system, by which people can withdraw from their account using the machines of any bank. However the system is not cheap: banks charge a FF15 fee to the bank of the customer withdrawing the money.

Banque Paribas, a small state-owned bank, has even turned the system into a profitable business by placing cash dispensers in costly but strategic locations such as in the pyramid of the Louvre museum in central Paris, and opposite Montparnasse railway station.

BNP estimated that up to 3 per cent of its customers were making six or more transactions a month from rivals' machines, and launched the lottery to lure them back.

It estimates it has increased customer loyalty by 30-40 per cent for a programme which cost it several million francs in prizes and publicity.

Senior executives have now cancelled new lotteries, arguing that it would be difficult to increase loyalty further and the bank should concentrate on attracting or retaining richer customers.

BNP will try to discourage customers from using rival cash machines by charging those who make more than six withdrawals a month from its competitors - an initiative being watched with interest by France's other banks.

## THE LEX COLUMN

## The bears fight back

Send no flowers. Goldilocks, the principal character in the fairytale US economy of the 1990s, is dead. Flattened by yesterday's employment figures. For years she has been feted by economists mesmerised by an inflation performance that appeared to have returned to a golden age of innocence. Not too hot and not too cold, the US economy skipped along at a pleasing clip, enough to bolster earnings and reduce unemployment, but without stoking price pressure.

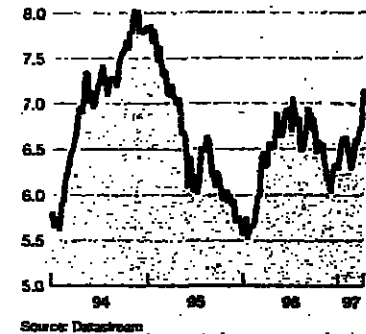
But like so many coquettish youngsters, Goldilocks has come a cropper. True there were no obvious causes for alarm in yesterday's headline jobs numbers. The March increase in non-farm payrolls of 175,000 was below market expectations and followed a downwardly revised February figure. But with a jobless rate of 6.3 per cent, the current economic growth of 3.5 per cent or more was bound to push up labour costs sooner or later. And hourly wages are now rising at their fastest annual rate for seven years. Thus far, companies have been able to pay for higher wages with improved productivity and falling non-wage costs. But those other costs have edged up recently and wages are climbing far faster than the most optimistic estimates of productivity growth.

The pace of growth may still slow in the next few months of its own accord. But do not bet on it. Expect instead further Federal Reserve action to restrain a runaway jobs market. It would be the only fitting epitaph for Goldilocks herself.

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US treasury bonds

10-year benchmark bond yield (%)



Source: Datastream

have been politically achievable and, thanks to industrial logic, an excellent deal for French taxpayers. The hope now must be that a similar result can be assembled by more circuitous means. This will not be straightforward. Not only will there be a middle-man in the form of Alcatel or Lagardere but GEC's chances of pulling off a satisfactory deal may well have been weakened by its very public slap in the face from the French. Still, it would be a mistake to conclude GEC was wrong to give its own bid a try. Even well-judged gambles sometimes fail.

### LucasVarity

To cut or not to cut? LucasVarity's semi-public musings on whether to scrap its dividend, switch to share buy-backs or adopt some combination of the two, are worthy of Hamlet. And as the group has agonised, its shares have underperformed - by 25 per cent in six months.

Theoretically, there is no difference between distributing cash via a dividend or a buy-back. In practice, the UK tax system intervenes. Gross investors, like US and UK pension funds, can reclaim advance corporation tax (ACT) on dividends but not on buy-backs. These make up 55 per cent of the group's shareholders. Most of the rest are normal rate taxpayers, who should not care either way. So, for a given outlay by the company, a dividend captures more value than a buy-back.

Logically, therefore, LucasVarity should pay as high a dividend out of its UK profits as possible without increasing the company's tax burden by incurring surplus ACT. Esti-

ated UK profits next year will be £130m, but around half will be needed to offset restructuring charges and start writing back \$80m of excess ACT already stored up. The remaining \$50m will barely fund a 4p dividend, which compares with Lucas's historic 7p payout.

The right course is to pay all this out, and promise a buy-back to make up the difference. And a neat wrinkle, namely that the nominal value of LucasVarity's shares at 236p is well above its 198p share price, means a buy-back would not incur the usual ACT.

All this assumes, however, that LucasVarity will hand out only the £100m implied by the old 7p dividend. Given improving cash flow, disposals and the higher distribution rates of its peer group, it could pay out as much as £150m. That might at least sweeten what most UK shareholders will otherwise be tempted to dismiss as a dividend cut.

### British-Borneo

Seen in isolation, yesterday's 10 per cent drop in British-Borneo Petroleum Syndicate's share price looks ludicrously out of proportion. Had the Green Canyon well come up gushing, its output could certainly have been worth £1 or more a share. But investors should only have been factoring in a *probability* of such an outcome: typically, success rates in the deep-water Gulf of Mexico are around 1-in-3. In theory, therefore, news that the oil in this well is commercially heavy should have prompted a far more restrained reaction than yesterday's £1.50 lurch.

But such analysis ignores psychology. On the back of a constant string of good news and a staggering share price rise, investors have increasingly come to assume this company can do no wrong. Yesterday's news is a salutary reminder that oil exploration - especially in a frontier area of this sort - is simply not like that. Even an excellent management and a technological edge cannot eliminate risk.

The question is: are the risks now properly priced in? This remains doubtful. British-Borneo's share price still implies an 80 per cent premium to the value of the oil it has already found. The notion that the company could end up finding that much new oil is not at all absurd. It just looks a pretty racy central projection. Investors should be taking profits.

## Olympic share offer flops

By Nikki Tait in Sydney

A share offer to help build a stadium for the 2000 Olympic Games in Australia has proved a flop even though investors were guaranteed seats for each session of the Games.

The offer, which closed before Easter after a four-month extension, raised only A\$151m (\$119m) of the A\$365m targeted after a shortfall in the sale of 34,400 Stadium Australia

lia "gold packages" priced at A\$10,000 each. As well as providing seat guarantees, these entitle holders to 30-year stadium club membership and give them securities in the company which will own and manage the Sydney stadium.

The sale of a smaller number of "platinum packages", at A\$34,000 each, was successful. The shares will be listed on April 11.

The offering's failure has

been a blow for the four banks that underwrote the issue - ABN Amro Australia, ANZ, Macquarie Bank and Deutsche Morgan Grenfell.

Building of the A\$615m stadium will continue unhindered, with the underwriters obliged to put up the funds. Aside from the A\$365m proceeds of the public offer, the stadium's construction cost is being met by bank loans and founders' equity.

### Companies

Dassault	1	Marconi	9
American Airlines	6	Delta	2
Alcatel	1	Forge de Clabecq	2
Bank of Crete	2	GEC	1
British Airways	6	HSBC	2
Camelot	6	Inter Lotto	6
Crown Leisure	6	Lockheed Martin	9
		Thames Water	9

### Markets

FTSE 100	2136.52	(+5.57)
FTSE Eurotrack 100	2100.19	(+4.75)
FTSE All-Share	2094.97	(+0.41)
Nikkei	17,890.59	(+385.72)
Dow Jones Ind Ave	6434.20	(+43.05)
S & P Composite	747.70	(+2.62)
LONDON MONEY		
3-mo Interbank	5 1/4	(same)
Life long gilt	Jun1003	(Jun1003)
US LUNCHTIME RATES		
Federal Funds	5 1/4	
3-m Treas Bill: Yld	5.28%	
Long Bond	6 3/4	
Yield	7.12%	
NORTH SEA OIL (Ampem)		
Brent Dated	917.385	(17.31)
Jersey	917.385	(17.31)
New York Crude (Apr)	3347.35	(348.5)
London	3347.35	(348.5)
STERLING		
New York Lurchtime	1.6385	
London:		
\$	1.9403	(1.5413)
DM	2.2488	(2.7381)
FF	8.2538	(8.2241)
Sfr	2.3488	(2.3587)
Scad	202.618	(201.478)
C Index	96.6	(96.3)
DOLLAR		
New York Lurchtime	1.6815	
London:		
DM	1.6799	(1.6883)
FF	5.9415	(5.820)
Sfr	1.4916	(1.434)
Scad	124.105	(122.75)
S Index	104.3	(103.7)
Tokyo close	Y 123.57	

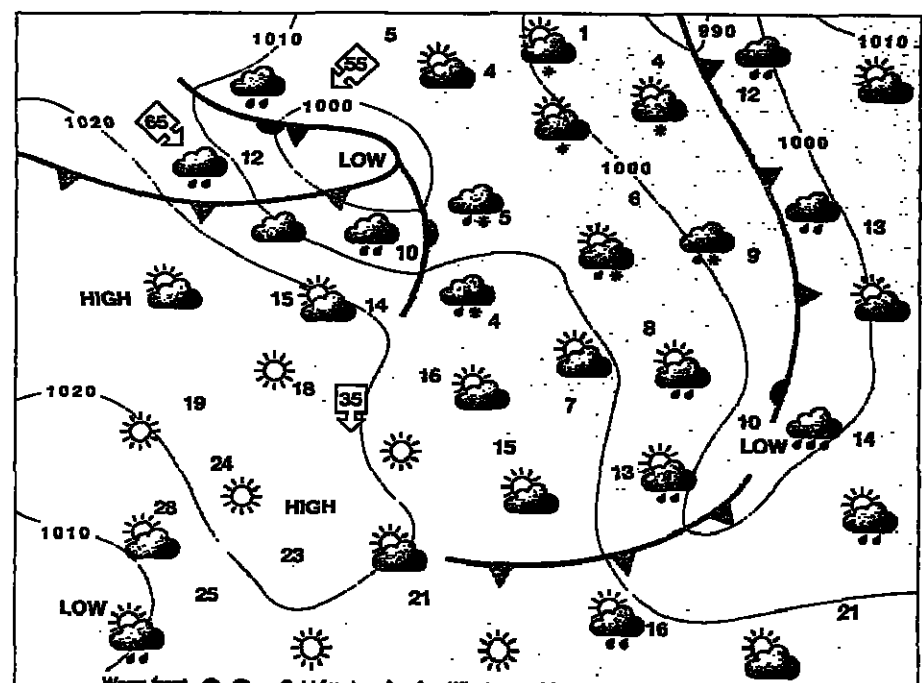
### FT WEATHER GUIDE

#### Europe today

Northern Europe will have cloud and rain. The south will have ample sun. A small area of low pressure between Norway and Denmark will cause cloud and rain throughout the UK, the Benelux and Germany. Strong winds over the North Sea will reach gale force at times. The western Mediterranean will be sunny as high pressure dominates the region. A depression will bring cloud and rain to Turkey. Eastern Europe will be overcast and damp. Rain will mix with sleet over portions of central Europe.

#### Five-day forecast

Most of western Europe will be unsettled on Sunday. From Monday, high pressure will build over the British Isles allowing dry and settled conditions to develop during the week. Eastern and central Europe will have cloud and rain.



#### TODAY'S TEMPERATURES

Abu Dhabi	sun 29	Caracas	sun 19	Faro	fair 22	Madrid	sun 23	Rangoon	sun 37
Accra	sun 29	Cardiff	rain 13	Frankfurt	rain 13	Majorca	sun 19	Reykjavik	fair 1
Algiers	sun 19	Chicago	showers 9	Geneva	sun 15	Malta	sun 17	Rio	showers 30
Amsterdam	sun 19	Cologne	showers 19	Glasgow	sun 18	Manchester	sun 17	Rome	fair 17
Athens	sun 11	Dakar	sun 24	Hamburg	rain 7	Melbourne	sun 13	S. Frisco	sun 20
Atlanta	thund 28	Dallas	sun 27	Helsinki	sun 28	Mexico City	cloudy 22	Singapore	showers 32
B. Aires	sun 20	Delhi	sun 28	Hong Kong	rain 24	Miami	fair 26	Stockholm	fair 4
Bham	cloudy 15	Dubai	fair 8	Honolulu	sun 29	Montreal	fair 17	Strasbourg	cloudy 15
Bangkok	showers 38	Dublin	rain 4	Istanbul	rain 15	Moscow	rain 9	Sydney	sun 25
Barcelona	sun 18	Edinburgh	rain 16	Jakarta	showers 32	Munich	cloudy 11	Taipei	showers 18
				Karachi	cloudy 11	Nairobi	sun 14	Tokyo	rain 18
				Kuwait	sun 33	Naples	sun 14	Toronto	rain 17
				L. Angeles	sun 19	Nassau	fair 28	Vancouver	sun 11
				Las Palmas	fair 22	Nice	sun 18	Vernia	cloudy 10
				Lima	fair 25	Nicosia	showers 15	Warsaw	showers 6
				Lisbon	sun 26	Oslo	fair 15	Washington	fair 22
				London	cloudy 10	Paris	showers 26	Wellington	windy 19
				Luxembourg	sun 16	Perth	showers 26	Winnipeg	showers 19
				Lyon	showers 20	Prague	showers 26	Zurich	fair 12
				Madrid	showers 20				

No other airline flies to more cities in Eastern Europe.

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PERSPECTIVES

Minding Your Own Business

# Breeding an oyster trade on the forecourt

Nicholas Lander on one man's determination to bring inexpensive oysters back to the British

Last summer's holiday in Brittany is still costing Christopher von Meister, a distinguished 58-year-old former banker and insurance broker, dear. It is not the credit card payments for the numerous platters of oysters he and his wife enjoyed that haunt him. Von Meister came back determined to offer oysters to the British as inexpensively as they are offered to the French.

The Oyster Barrow, which has been trading on the forecourt of London's Fenchurch Street station since December, has already cost von Meister six months' work and £25,000 of his own and four backers' money, and it will not break even for another half-year. But he is making his point. A dozen oysters, boxed or schucked (ready opened), are on offer at £5.99 and on a mild, sunny day he sells 40 dozen.

"What I could not understand," von Meister says, "is the huge price discrepancy. In France, a dozen oysters were costing me £5.99 (£5) but when we came back London restaurants were charging me £9 for six. The British have a long tradition of oyster eating but the price here does not seem to have fallen to reflect the increasing efficiency in breeding oysters.

As von Meister wondered how to break these price bar-

**'Customers no longer feel reticent about standing up and eating a dozen oysters as a quick lunch'**

enthusiastic about the upmarket image of oysters, particularly for Fenchurch Street. As well as the commuters, Fenchurch Street is close to the professionals who work in the City and the shipping and insurance offices nearby.

Von Meister contacted Malcolm Adams of World of Wheels in Teignmouth, Devon, who won the contract to design and build all the barrows for station forecourts. A suitable cart with washable surfaces and a hand-washing unit to meet environmental health

requirements would cost £5,000 including delivery.

He next turned to finding a source for the oysters. "Initially, I had thought simply of buying them from Cancale, Brittany, but the French lorry driver strikes made me reconsider."

"The oysters had to come from the purest waters and to have undergone 42 hours of saline water purification. I looked around Chelmsford, Scotland and the south-west before finding the right quality at Cuan Fisheries just south of Belfast. These are rock oysters which can be eaten all year round and deliveries could arrive daily by truck or Parcel Force."

Negotiations continued over the lease for space on the station forecourt, culminating in a guaranteed rental of £10,000 a year pro rata for the first three months, rising to £15,000 thereafter or 7 per cent of turnover, whichever the greater. And just as von Meister was finalising these details he had what he admits was a crucial, unexpected meeting.

"I was introduced to B.J. Cunningham, the marketer who had conceived Death Cigarettes. He liked my concept but not how I intended to operate. He said I should do no more processing than absolutely necessary, that I must not sell the oysters individually but boxed by the dozen. I must brand the box so the company name spread and I must look very hard at price points. This is why we settled on £5.99 a dozen."



First swallow of the summer: Christopher von Meister at his business The Oyster Barrow, outside Fenchurch Street station

The rectangular wooden boxes are made in Brittany, along with the plastic coating, which shows you how to open an oyster and how to contact The Oyster Barrow. These are shipped to Northern Ireland, filled and delivered to Fenchurch Street. On December 16 last year The Oyster Barrow served its first customer.

Von Meister drew on his banking experience to write the business plan. He has spent £2,500 on PR and £3,500 on printing. "I took the original budget of £20,000 and increased it by 50 per cent. I have seen more new busi-

nesses suffer from being undercapitalised than anything else," he explains.

And once the idea began to attract interest he put into practice another principle - that having 60 per cent of a successful company is more valuable than 100 per cent of a failure. So far he has parted with 25 per cent of the company's shares to two individuals whose contribution - to finding a supply of oysters, recruitment and the marketing of outside events - he considers critical. Their allocation will rise to 40 per cent.

The barrow's running

costs are wages (for health regulations there must be two people working at any one time) and the small generator to provide lights. Including sales of a highly effective oyster-opening knife at £9.99, gross profit in the first two months' trading was 46.8 per cent of turnover, or £12,082.

Von Meister is optimistic. "I know that we have tapped the local East End market through our pricing because a postman stops in his van for a dozen oysters twice a week. More and more people are stopping to try them for the first time and the propor-

tion of oysters we are selling schucked is creeping up. It is now about a third of our sales, which means our customers no longer feel quite so reticent about standing up and eating a dozen oysters as a quick lunch."

The biggest obstacle is bad weather, with sales down by half when it is wet and windy. But now winter is almost over, sales should be more consistent and the barrow will trade for longer as the days lengthen. It is now open from 10.30am to 6.30pm - in the summer it will close at 8.30pm.

Although the barrow is

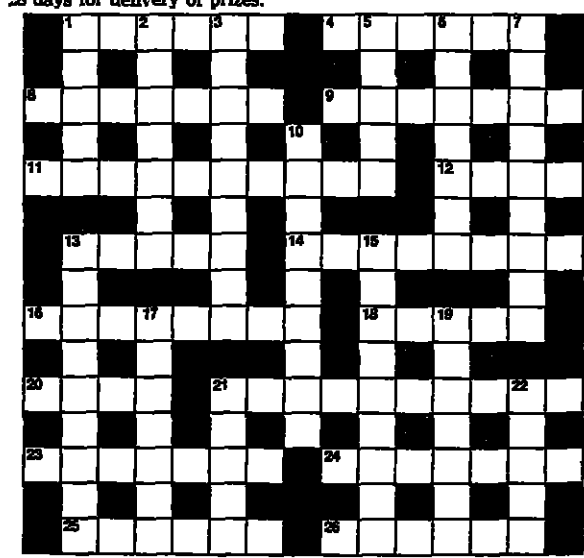
not mobile, von Meister's next step will be to place a temporary barrow outside a busy pub in Chelsea on the Saturday of an international rugby union match. If that proves successful, his marketing strategy will also barrow at sporting grounds as well as on other railway forecourts.

The days of eating inexpensive oysters in the UK - as our Victorian forbears did with relish - may not be that far in the future. ■ The Oyster Barrow, 22 Hans Place, London SW1X 0EP. Tel: 0171-589 9425, fax 0171-589 9426.

## CROSSWORD

No. 9,341 Set by CINCINNUS

A prize of a classic Pelikan Sovereign 800 fountain pen for the first correct solution opened and five runner-up prizes of £33 Pelikan vouchers. Solutions by Wednesday April 16, marked Crossword 9,341 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 19. Please allow 28 days for delivery of prizes.



Name: \_\_\_\_\_  
Address: \_\_\_\_\_

- ACROSS**
- Compound led by smoker of marijuana? (8)
  - Colombo got all investment of capital (6)
  - Traffic of the sea in France is seen before latter half of month (7)
  - Chickens, neat, crossing a road (7)
  - Bible story about fellow deserving forgiveness (10)
  - Info about large Scottish valley (4)
  - Cave up on account of board game (5)
  - Doctor Who following birds programme? (4,4)
  - US military HQ in Pasadena or Nashville initially infiltrated by agent in disguise (8)
  - Sign of a river that is small (5)
  - Man, for example? I'll say! (4)
  - Play piano theme badly in exam (3,7)
  - Did bear start dancing behind Rupert the poet? (7)
  - One of five born at the same time as Saint Thomas? (7)
- DOWN**
- Pennsylvania's thanks, giving food? (5)
  - Loud noise made by extremely ticklish subordinate (7)
  - Sing and snore, making attractive music (5,4)
  - Gas makes one put on weight (5)
  - 6 and 7 Londoners sang me a playful song (7,3,5)
  - Bond cares about bunker (9)
  - Lose rotten boat without regret (4,5)
  - Be a square, changing ballet posture (8)
  - Musical effect and an awful lot more (7)
  - It's understood a naughty child didn't tell the truth (7)
  - Not here? No, no! (5)
  - Personal assistant entering wrong country (5)

**Solution 9,340**

PIECESWORK POACH  
EXPIRIALAE  
REBOT RECAVATOR  
TUNCKEHEG  
MULLABAOO AREA  
SCIPES  
DRIFTER PRIGHTY  
UOCE  
MOMARON GROMER  
ESAOO  
FLOP GURMUDGON  
OSACCO  
UNSCARIED EXHIBIT  
NIRTSINUO  
DISHY VACHISMAN

**Solution 9,331**

ACHILLESHEN  
POUCSAC  
REANNOY RISOTTO  
TAPAECEG  
LAIN DEARSHIP  
NETE  
FORTHRIGHTY USER  
E O O O  
HAPE GROMER  
A E B U O A R  
THEOLOGOV TERTY  
O V L P H E Y  
ORDINAR HATHHOE  
N O I S O E S  
PRAISEWORTHY

WINNERS 9,331: Miss S.R.H. Bellhouse, Dorchester on Thames, Oxon; B.W. Broadhurst, Witham, Essex; Betsy Crabtree, Beamsley, N. Yorks; T.A. Dawson, Belmont, Durham; William Quain, Woodford Green, Essex

## CHESS

"When I reached my norm with a round to spare and still had a chance of a grandmaster result, I thought, hey, maybe Bacrot hasn't disappeared over the horizon after all." Luke McShane, Britain's 13-year-old from Westminster School, became the UK's youngest international master this week, breaking the record set by Nigel Short and Matthew Sadler at 14.

A few days earlier, France's 14-year-old Etienne Bacrot became the world's youngest grandmaster, an honour previously held by the likes of Spassky, Fischer and Polgar. Bacrot shared first prize with the legendary Korchnoi at a tournament near Paris, beating him in their individual game.

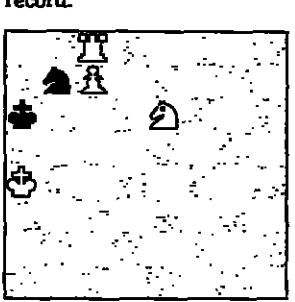
The significance of McShane's performance at Gelsenkirchen, Germany, was less that he attained an IM title which has seemed imminent several times during the past year, than that he did so against hardened German and east European professionals, rather than in the cosier ambience of Edinburgh and Cardiff where he scored his two previous IM norms.

In 10 rounds, he lost only to the Czech Republic's No 1 grandmaster, and scored

2,510 Fide rating points, his best yet in a major competition.

You need a database and a trainer for world class chess these days, so Luke's £10,000 sponsorship from Psion computers has been put to good use. He possesses a state-of-the-art chessbase, and receives regular coaching from the world semi-finalist Jon Speelman.

Bacrot achieved his three GM norms in only six months, starting at last year's Erevan Olympiad. McShane still has a year to break the French boy's record.



No 1174  
White mates in four moves, against any defence a deceptively easy-looking puzzle.

Solution Page XXXII  
Leonard Barden

## BRIDGE

Summoned to a table of bridge last week, I was charged with naming the guilty party on this deal. Rather like Hercule Poirot in *Murder on the Orient Express*, I was able to declare that, on this deal, every suspect had a hand in the murder.

N  
♠ A K Q 6  
♥ J 7  
♦ 7 6 3  
♣ Q 10 5

W  
♠ 10 9 2  
♥ A K J 10 8 5  
♦ K 9 8  
♣ 7 6 3 2

E  
♠ 10 9 8 7 2  
♥ J 7  
♦ A K 6 5 3  
♣ 9 8  
♠ A 4

West dealt and opened 1D, which North doubled. This should guarantee shortage in the bid suit. Despite 18pts, pass would have been the superior option. East passed, and South jumped to 4H.

West led ♠AK. When East petered and South dropped

Q4, West spotted a chance to promote his ♠1092 into a trump trick, so he led a third diamond. Unfortunately, he chose J4. As he wants his partner to ruff high, a low diamond would be better, forcing partner to ruff in.

East decided to trump anyway, though sadly with his lower trump. If partner makes you trump when declarer looks set to overruff, he is looking for an upset, so you should ruff high.

Fortunately, South still had to overruff with his K♥. This duly promoted West's 10♥ into a trick which, together with K♠, set the contract.

However, South was not the victim, but a fellow conspirator. Instead of overruffing East's 7♥, he should discard a losing club. He wins whatever is led, draws trumps, and pitches his second club loser on dummy's long spades.

Paul Mendelson

## The Nature of Things

# The particle that holds our world together

Jon Turney on the centenary of the still-mysterious electron

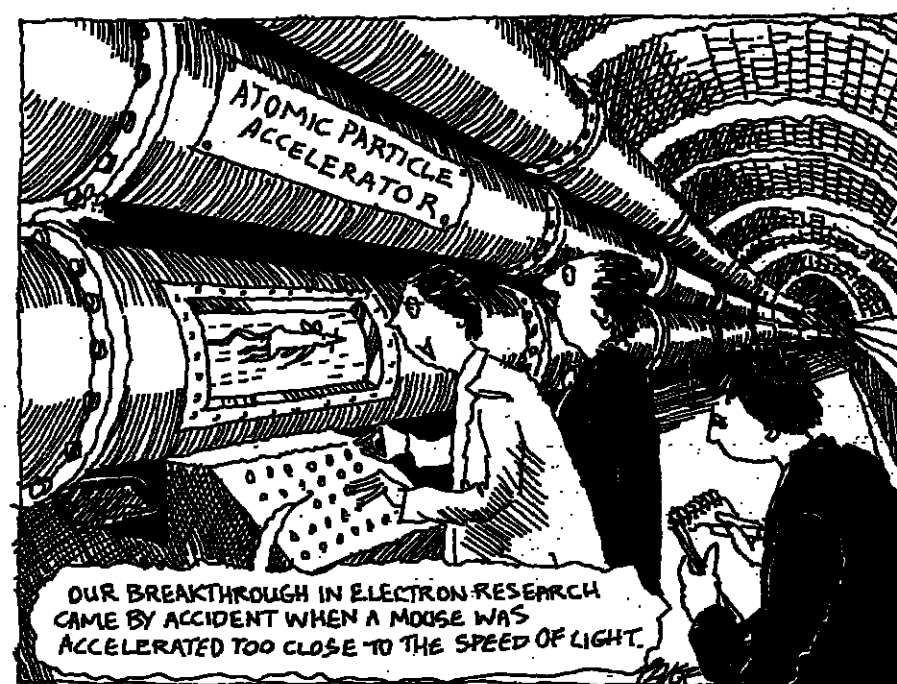
Physicists this year celebrate an extraordinary anniversary. It is just a century since the great Mancunian physicist J.J. Thomson announced the results of a landmark experiment in the Cavendish Laboratory in Cambridge. But if the who, when and where can be stated simply, saying what he discovered is much harder.

This year is the centenary of the electron, the first elementary particle, the key to the hitherto unsuspected subatomic realm, and the tiny charged packet which obligingly activates everything from telephones and TV sets to computers. It also enables atoms to join together to make chemical compounds, so in more than one sense Thomson revealed the particle that holds our world together.

Yet he little dreamed what a strange world it would turn out to be. He was bold enough to claim he had detected the presence of a charged particle much smaller than the smallest atom. That itself was an enormous achievement.

His experiment was very delicate. He and his assistants set up a stream of electricity passing down a glass tube almost emptied of gas. This stream, visible as so-called cathode rays, hit the end of the tube and made a small bright spot, just as it does behind every television screen today.

Thomson then applied magnets and electric current fields outside the tube, and found the stream was deflected - the spot moved. But as well as doing the experiment - or at least supervising it, as the clumsy Thomson found it best not to touch the apparatus - he also drew the conclusion which opened the way to a new physics. His German colleague Walter Kaufmann did essentially the same experiments at the same time in Berlin. But Kaufmann disputed the existence even of atoms, on the reasonable grounds that they could not be observed directly. He was not going to



propose a still smaller particle inside the atom.

Thomson did. There was a charged particle, he told the Royal Institution on April 30, 1897, being pushed around by his magnets. He called it his "corpuscle", the smallest piece of electricity, but most people soon preferred to use the term electron. That is probably just as well, as it did not remain corpuscular for very long. After Thomson's discovery, the revolution in physics of the first half of the 20th century kept redefining the electron.

With each reconceptualisation, it grew stranger and stranger, so today the theory of quantum electrodynamics means it is understood as well as anything in science has ever been, while remaining in many ways a mystery.

The first problem to solve in Thomson's new world was how his tiny new particle fitted into the atom. He himself offered a rather short-lived model in which the negatively charged electrons were stuck into the positively charged atom like currants in a bun. Soon after, Rutherford had the electrons orbiting the atomic nucleus, like planets around a far-distant sun. But why

didn't they fall out of orbit, spiralling into the nucleus under the attraction of its opposite charge? Well, said Niels Bohr, because it was plain only certain orbits were allowed, each defined by a fixed energy level.

The nagging question of why a particle should behave in this curious way was resolved in the end, by redefining the electron yet again. Now it was seen as a standing wave. In the span of 30 years the atom shifted from plum pudding to solar system to a finely tuned instrument. And the electron became the greatest, mixed metaphor in modern science, both particle and wave.

It had, apparently, mass, charge and spin, yet was also a probabilistic cloud. It was mainly confined to a well-defined region around an atomic nucleus, but it could never be located precisely. Its behaviour was governed by the rules of a new, indeterministic game, written in the mathematical language of quantum mechanics.

Thomson thus saw the accepted description of his corpuscle transformed out of all recognition. He died in 1940, still unreconciled to the

dualities and uncertainties of the new quantum mechanical world. Many still share his unease. If the true nature of the electron can only be captured in an equation, not in words, one can get to wondering if it is there at all. It is convenient to speak as if electrons exist, and to know that a few million, million, million of them will make a light bulb glow for a fraction of a second. But how do we know that all the different things we do with electrons depend on the same invisible entity?

In the end, perhaps, it is the vast number of devices and instruments which depend on electrons and which all work predictably, precisely and reliably, which compels the non-physicists' assent that, whatever they are, they are there.

The philosopher of science Ian Hacking, commenting on a physicist's remark describing a particular experiment using electrons, put it more simply. "So far as I am concerned, if you can spray them, then they are real. Thomson would have agreed."

Jon Turney is lecturer in science communication, University College London.



## PERSPECTIVES



Joe Rogaly

## A drugs epidemic with no bounds

The richer we get the more we look for ways of altering our temperaments

Say yes to drugs. That is the governing inclination on both sides of the Atlantic. We might as well admit it. Just say yes. What drugs? You know... alcohol, nicotine, marijuana, cocaine, heroin, ecstasy, melatonin, lisdexamfetamine, paroxetine, fluoxetine... the list could fill this space. The last three are official antidepressants.

Most humans, walking skinbags of chemicals that we rarely comprehend the small print on new powders and fizzes. For some of us, unofficial is good enough. Drinkers, smokers and dopeheads absorb their frowns-upon poisons to give themselves a lift, calm their nerves, get high, depart from reality, change the mood.

The champion respectable drug is fluoxetine, the pseudonym of Prozac. We all know

that it is Approved of Sanctioned. Legal. That is one reason people are taking more of it. Stories about the rise and rise of Prozac in the US are familiar. It is every depressive's favourite. They muse about putting it in the drinking water, like fluoride. It might make the citizens happy. Misdiagnosed, it could become the soma of the millennium, as in *Braze New World*.

Before someone reaches for the word-processor, let me acknowledge that Eli Lilly's most famous pill has apparently helped countless numbers of depressed patients. I know one or two of them personally. The mainstream literature says Prozac is as effective as the older antidepressants, with fewer adverse side-effects.

Perhaps that is why in Britain

prescriptions of selective serotonin reuptake inhibitors, of which the celebrated Prozac is one, increased seven-fold between 1990 and 1995, according to an article in the British Medical Journal. By the end of that period fluoxetine had a quarter of the market. The pattern was set some years previously in the US. By last June more than 14m Americans had taken Prozac at one time or another. And that is just the most popular of six similar SSR inhibitors.

You and I might suspect that there are too many pill-poppers, that pushy sales techniques by peddlers of pharmaceuticals lead to over-prescription of all types of antidepressant. We would be right, would we not? Perish the thought. Let me tell you of one practitioner who disagrees. William Appleton is an assistant

clinical professor of psychiatry at Harvard Medical School. His *Prozac and the New Antidepressants*, published in the US, is a guide for the general reader. He says that only a fraction of those who need an antidepressant actually get one.

Surely he means severe cases only? No. Mild depression can be devastating to those who suffer from it, our professor observes. Victims have low self-esteem, lead a limited social life, watch too much TV. They are likely to languish in low-paid, undemanding jobs. They function at work, but collapse on getting home. "It's only the whip of the paycheck that keeps them going," he says. This mild form of depression - what may seem like the moody blues to you and me - is common among patients who attend his private practice. Pro-

zac and the rest have done a lot of good, says Dr Appleton, "but they are not miracle drugs."

That sounds sensible. The new antidepressants may be the 1990s equivalents of the tranquillisers of the 1960s, shooting stars. They helped, but not always. Some long-term users of the older pills became dependent. I am not equipped to explain the effect of any of these tablets, old or new. Nor are the scientists, except partially and in their own language. They become hazy when asked precisely what happens to the psyche. What does seem evident is that the richer we get the more we look for ways of altering our temperaments.

Some people need help from laboratory products, a few desperately. This may not always do good. Winston Churchill acknowledged the black moods

that descended on him in the night. Could he have led Britain to victory in 1945 if he had chosen a tranquilliser or antidepressant rather than alcohol and tobacco? There should be room for the human will, for the mind to assert control over feelings.

I say *should* because it is not certain how many of us have the capacity to grin and bear it when offered escape through one potion or another. We divide the available substances into categories. Some are sold over the counter, some only on prescription. Others are illegal in any circumstances. A few cross the boundaries, as marijuana is doing in the case of specified users in California.

It is tempting to propose that we legalise the lot, let all be sold in any shop, allow the market to

take care of itself. Those of us who harp on about the individual and her or his sacred soul should have the courage of our assertions. The government advises against smoking, but does not ban it as a private pursuit. (My Havanaes curl in their humidors at the very idea.) We should, this line runs, allow anything to be made and sold, but provide information to users.

Such a proposition is too radical for the present age, which favours moderation, practicality, pragmatism. What is required is a rationalisation of existing arrangements, something that reclassifies soft drugs to enable them to be traded by honest brokers rather than gangsters and hoodlums. The cigarette companies are looking for a new product. The weed could be just the thing. Yes?

## Lunch with the FT Fighting in the name of corporate relations

Lucy Kellaway talks to Brian Basham about libel and lies

It started with a fight. Not a big one, at least not by the standards of UK public relations man Brian Basham, but a fight nevertheless.

At the time, Basham had just won a very big battle indeed. He had successfully sued for libel the author of *Dirty Tricks*, a book which describes his role in the British Airways/Virgin debacle in a most unflattering light.

Our fight was over an article I had written in which I had suggested that corporate PR was a pretty mucky business. Basham had taken exception to this and fired off a letter to the editor of the FT referring to my "unpleasantly arrogant little piece", and saying it was not PR that was mucky, but journalism.

All charm, I wrote to him asking if I could make amends by inviting him to lunch with the FT. Let's air these interesting issues in public, I suggested.

All charm, he replied: that would be nice, and suggested we met at the Drum and Monkey in Houndsditch.

This was a double surprise. First, a surprise because you might expect a PR man of his experience to hesitate before taking up this kind of invitation. Second, because he had not chosen the Savoy.

In the deal-making days of the 1980s, Basham more or less lived at the Savoy. At his favourite table he was to be seen dining with journalists, peddling them the line

from his clients, who have included some of the most notorious egos London has ever known.

On the day of our meeting, I climbed the stairs of a pub near Liverpool Street station to a newish restaurant which was trying very hard to look like a traditional City establishment.

Basham swept in late, smiling and shaking my hand as if we were good friends. He looked excessively smooth: in a plain, striped suit with neat grey bouffant hair, cufflinks and more than a splash of aftershave.

He started to explain why he had chosen this particular restaurant, an elaborate story that involved shell companies, a sprinkling of famous city names, share prices, and clever stock-brokers called Roddy. It turned out the place was now run by friends of his, and his fiancée had recently made a very tidy sum overnight by buying a few shares.

We ordered, and Basham started reminiscing about great moments in past takeover battles, remembering how Hanson's Gordon White had called him in to ask for help in his battle with Imperial Chemical Industries. "He said, in his words: 'We want you inside the tent pissing out, rather than outside pissing in.'"

With suspicious rapidity the first courses arrived. The scallops I had chosen were cold and rubbery and sitting

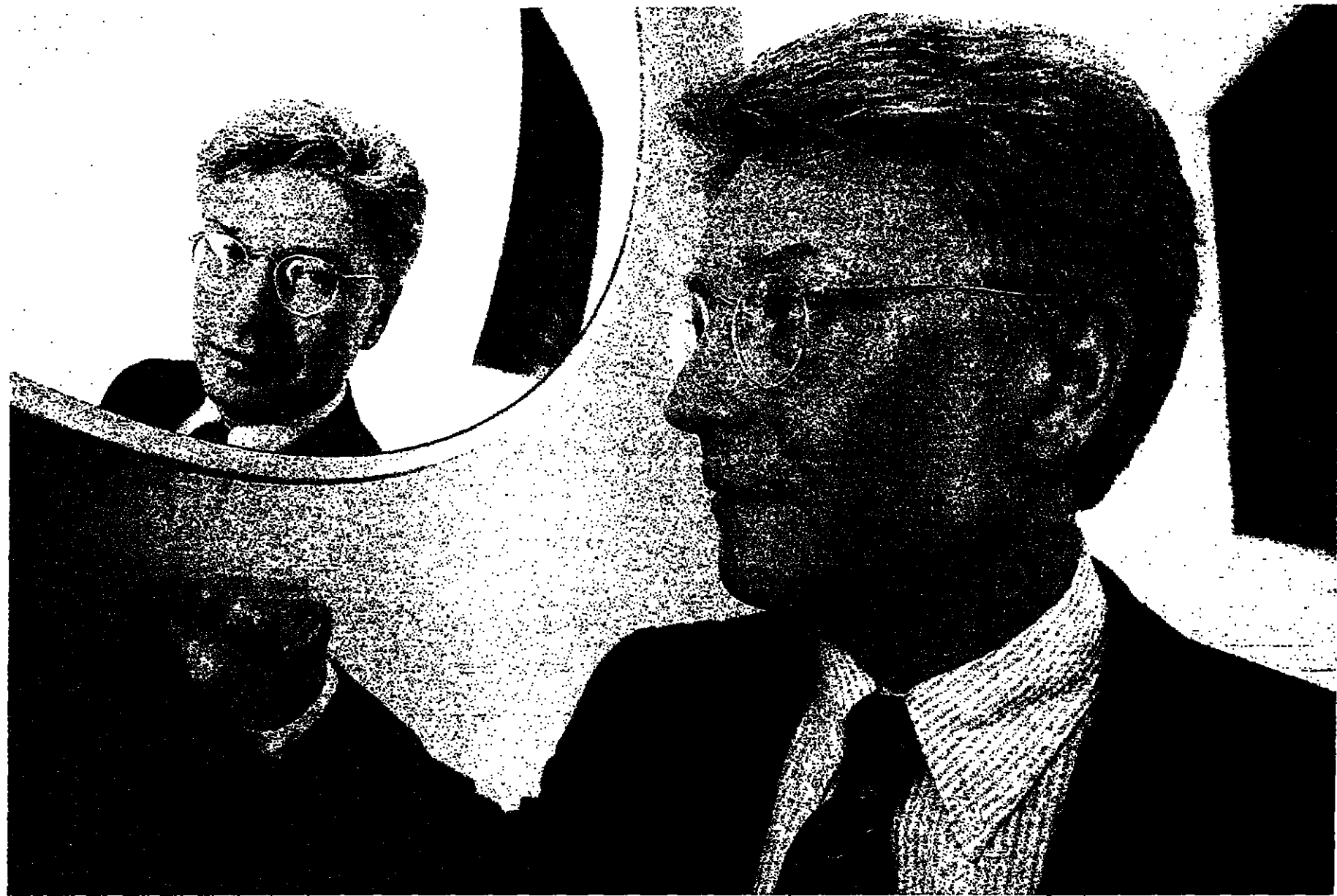


Image management: Brian Basham asserts that it is not public relations that is mucky, but journalism

on some watery tomatoes.

Why did you sue, I asked. Might it not have been better to ignore *Dirty Tricks* altogether?

"With respect, that is not the point. The book was a confession of lies." He leant towards the tape recorder and shouted: "The book was a confession of lies. It was a taint on my character, Lucy. I hope that you would find it very difficult to find a journalist who would say I've lied to them."

I said I hadn't conducted a survey.

"My reputation is not that of a liar. It is very important to me. PR is respectable but is dragged down by some of the people involved in it." As he talked I watched him shunt all the croutons to the side of his plate, leaving a greasy mountain there.

"I've just written a letter to the Observer about some-

thing that Richard Ingrams has written that I took exception to. "I am a great respecter of truth."

He was interrupted by the arrival of the main course: two large white plates, empty save a few tiny vegetables around the outside.

"This is a very frugal meal!" He roared with laughter.

In fact, it was anything but frugal. We were both given two casserole dishes fresh from the microwave, one containing a congealed fish stew, the other a heavy potato dish. He looked at the latter. "Do you know," he said to the waitress, "I'm not going to have this. Would you take it? That would be very kind."

Dieting? I asked.

"No it's just that - when I won my case I had more than 200 letters, phone calls

and faxes of congratulations. My first call was from the great doctor - Dr O'Reilly. The second one came from Lord King. All sorts of people - old friends - got in touch so I've been eating three business meals a day."

I asked about his relationship with Lord King, the notoriously difficult former chairman of British Airways.

"He's very interesting. King. He's very, er, street-wise. Jermyn Street, mind. A very clever man. Very clever instincts."

Any realistic discussion of his clients' characters was out of the question, but still I persisted: how did he get on with Robert Maxwell?

Apparently this relationship was also excellent. "I made it a rule that whenever I put out a press release I asked him to sign every page. He would give me a wolfish grin and do it. We

never put a foot wrong."

Lord Hanson for him was no problem: completely straightforward. Ditto the Al Fayed. Ditto all of them.

But what about the despot Dr Hastings Banda?

"I did a lot of work for him. I'm very proud of it." And off on to another anecdote in which Basham flew out to Malawi and single-handedly persuaded Banda and his chums to mend their ways, release prisoners, set up elections and so forth.

Given his success in politics in Malawi, does he feel he would like to be involved in helping Labour (he describes himself as a committed socialist) win the election in the UK?

"Well one is involved. I talk to people all the time. I write occasional papers. Will Hutton has been very kind about some of my ideas." As our plates were cleared

he started to explain that public relations were misunderstood in the City. The trade should, he argued, have the same status as the other advisers - merchant bankers, stockbrokers, accountants and lawyers - given that all of them provide advice on much the same things. "I've advised on price many times. With Lord King, I really determined the price of BA."

I made a noise that may have sounded sceptical, and he went ahead and told me the whole story.

Over coffee the discussion moved on to some of Basham's other business interests, one of which is a company that looks after old people in their own homes.

Basham knows about old people, coming from a humble East End family which is, as he put it, long on maiden aunts. "Lovely

people. Lovely. I should see more of them." He looked sentimental for a moment.

"I went to see various friends, we raised £212,000. I put in 112 - Charlie Saatchi put in 25. Olivier Roux put in 25. Charlie was very funny, he said: 'Elderly people? I hate the idea, why should I do it?' I said: 'Because I'm asking you to.' So he said: 'All right.'"

"We've turned £200,000 into £5m in four years. It's a £50m business four years down the road. And I own 40 per cent. Very pleased about that really."

I paid the bill and he offered me a lift. Outside, a large dark Mercedes with white leather upholstery hovered. On the way back we did not attempt to settle which of our respective trades was the muckier, but instead made polite conversation about spring bulbs.

The decision for an Anglican Bishop to read the Koran during Lent was met with anger by some, encouragement by others and bewilderment by the majority.

The angry were mainly Christians who felt betrayed: the encouraged were partly Moslem, partly Christian, and felt affirmed in their respective journeys; the bewildered were trying to reconcile the public, political face of Islam in Pakistan, northern Nigeria and the Sudan with my conflation of the divine attributes of compassion and mercy as seen in the chapter headings of the Koran and the opening words of Anglican Morning Prayer in Lent.

Noah, Abraham, Lot and the Flood appear regularly in the Koran. It is as if the reader (or the hearer, for the Koran is recited rather than read) was being recalled to fundamentals, the founding fathers of the faith always being just around the corner to beckon back wanderers. The Four Last Things (eschatology) are similarly

## Truth of the Matter Sibling faiths and a chance to learn

Alan Smithson reads the Koran and reflects on the shared ancestry of Christians, Jews and Moslems

seldom out of sight: Death and Judgement, Heaven and Hell, are proof of the Resurrection. Rules for the right ordering of society are clearly spelled out - the condemnation of usury is uncompromising as it favours the rich and remains the basis for Islamic banking today. The constant vituperation of the wicked makes one aware of the enemy within (just like the Old Testament Psalms). Again and again, whenever the severity of God has been described, the compassion and mercy of the Almighty and the All-knowing override.

So much is common ground: Noah, Abraham, Lot, Isaac, Ishmael and Moses offer a shared ancestry with Jews as well as Christians. Unquestioning monotheism, the "engaging"

character of these three religions and the overlap of sacred texts make of these three one family of religions. This at least will make us one that we believe in one God, according to the Koran. But then there come the difficulties, not so much in what the Koran says as in what it denies. No one can bear another's load: "No soul laden bears the load of another, and if one heavy burdened calls for its load to be carried, not a thing of it will be carried though he be a near kinsman." Also, God cannot have a Son: "God has taken to him a son". And Jesus was not crucified: "They [the Jews] say, 'we slew the Messiah Jesus Son of Mary, the messenger of God'. Yet they did not slay Him, neither crucify Him,

only a likeness of that was shown to them."

It was statements such as these that troubled my earlier critics. But no Christian doctrine has ever had a quiet passage: the Christian monks that Mohammed may

Difficulties come not so much in what the Koran says as in what it denies

have known in the Arabian Peninsula may have been little more orthodox in the Church's eyes than Islam was to be. But sibling faiths owe it to each other at least

to listen, to learn mutual accountability as well as to whether what Islam denies is always and exactly what Christians would want to say. "They are unbelievers who say 'God is the Third of Three', no God is there but one God." Put like that, Christians would agree.

We need to ask whether what Christians say might not sometimes be what Moslems claim the Koran means. Mutual recognition requires familiarity with each other's sacred texts, to see if what I have missed in the Koran I have missed because it is not there; or whether I have simply overlooked it.

I respect the Koran for being uncompromisingly monotheistic, but I miss the warmth of the reciprocal love of the Trinity. I respect

its protection of the person of Jesus as a prophet next to Mohammed and dear to God, but I miss Christ's unconditional, vulnerable, self-giving risk of Calvary. I respect the Koran for preserving each soul's responsibility for standing alone before God, but I miss the fellowship of bearing one another's burdens and so fulfilling the law of Christ. I respect its insistence on judgment and resurrection, but I miss the joyful recognitions of Easter.

There are, however, many beautiful prayers, so usable they need to be shared: "Our Lord, take us not to task if we forget or make mistakes. Our Lord, charge us not with a load such as Thou didst lay upon those before us. Our Lord, do Thou not burden us beyond what we have the strength to bear."

Yet there are Koranic sayings such as: "When man takes one step towards God, God takes a hundred towards him", reminiscent of one of the most-loved Gospel parables, that of the prodigal son, in which the father watches and waits for his son's return and, on catching sight of him, runs to meet him. Even that parable is only half the Gospel: "watching and waiting" is one feature, but the greater is "seeking and saving".

Traces of this, too, are found in the Koranic tradition concerning the end of time and the Last Judgment, when God sends his angels into the fires of Gehenna (Hell) to bring out any who might repent. Again and again this is repeated until God thrusts his own right hand into the flames. In case

even then some slip through his fingers, it is said God is almighty, all-knowing, all-merciful.

So might God suffer after all? The Koran says "No". But his right hand might disagree. This past Holy Week showed us again the human face of God: it was in the face of the suffering servant who "went not up to joy but first he suffered pain and entered not into glory before he was crucified". Or in W. H. Vanstone's words: "Here is God: no monarch. He/Thou in easy state to reign. Here is God whose arms of love/Aching, spent, the world sustain."

Here is God - God in the raw - God as seen in Jesus, God identified with suffering. Only then comes Easter and with it the hope that all who walk this way with God may find it the way that leads to life and peace.

A God who suffers may contradict our creeds, but only a God who suffers is a God who saves. *Alan Smithson is Suffragan Bishop of Jarrow, County Durham.*



## PERSPECTIVES



Tasks which go beyond the conventional nature of soldierly duty: the execution of civilians in Minsk 1941

The Oxford Illustrated History of Modern War edited by Charles Townshend, £25

## Germans challenged on army's clean image

Regular Wehrmacht troops were no saints, says Frederick Stüdemann

**S**peak to German men of "that generation" and the stock answer to the stock question is that while the SS or its military wing, the Waffen SS, committed atrocities, the regular army, the Wehrmacht, was made up of largely honourable folk who kept within the accepted bounds of warfare.

This benign image of the Wehrmacht has, despite evidence to the contrary, enjoyed general approval for decades in Germany where it has served as proof that, in the midst of the horrors of Nazism, there was at least one institution that retained old-fashioned concepts of honour and fair play.

In recent months, however, that view has become the subject of intense public debate, thanks to a wondrous exhibition bluntly titled: "War of Destruction. The Crimes of the Wehrmacht 1941 to 1944".

The exhibition, which is ending in Munich and scheduled for Frankfurt, is essentially modest. Squeezed into one room, it is little more

than a collection of about 100 black and white photographs juxtaposed with Wehrmacht documents.

The exhibition organisers, the Hamburg-based Institute for Social Studies, decided that given the wide extent of the Wehrmacht's campaigns during the second world war it would concentrate on three particular episodes: the initial months of the war in Yugoslavia, the march of the 6th Army through Ukraine towards Stalingrad and the three-year occupation of Belarus.

Some of the photographs will be familiar to anyone who has studied the second world war. Still, the pictures of civilians being rounded up and killed are chilling. But perhaps the more gruesome viewing lies in the coldly worded texts which display the euphemisms used for such operations.

The overall conclusion is that far from keeping a respectful distance from Nazi crimes, the Wehrmacht was, in some cases, directly involved in carrying out the often racially motivated policies. "This is not news for us

historians," says Thorsten Krebs, a history student and exhibition assistant at Munich's Rathaus Galerie. "It is just new to the public."

This might go some way to explaining why the exhibition created such a stir when it opened in Munich in February. It became the target of a demonstration of several thousand people, including Wehrmacht veterans and right-wing groups, who condemned what they claimed was selective propaganda.

**T**heir case was taken up by Peter Gauweiler, a prominent member of Bavaria's ruling Christian Social Union, who attacked the exhibition as a cheap attempt to besmirch the honour of ordinary soldiers. The CSU's newspaper, the Bayernkurier, slammed the exhibition as part of "a campaign of destruction against the German people".

In more reserved tones, the conservative Frankfurter Allgemeine cast a few seeds of doubt in a front-page commentary by asking whether one could be sure if the

people in some of the photographs were really civilians and not partisans, in which case their execution was perhaps justified.

The organisers say that the reaction of the CSU and the ensuing public debate were instrumental in promoting the exhibition. As such, Gauweiler might take credit for breathing some life into an exhibition that has been around for two years, and has been seen in 16 towns by an estimated 130,000 people.

The organisers say they have enough requests from other cities, in Germany and abroad, to keep the exhibition on display until 2000.

Tracking the debate through the media over the last two years, it is apparent that while the exhibition deals with the war years, the controversy is very much wrapped up with how that period was perceived after 1945 when a complex, and ultimately flawed, image of the Wehrmacht was constructed.

This ranged from an insistence that while the army had remained true to the principles of military hon-

our, it was also so appalled by the Nazis that many of its officers broke traditional bonds of loyalty to their leader and ended up in the resistance to Hitler.

The troops who bore the brunt of the fighting also needed a palliative image which acknowledged their suffering and conjured up a picture of innocent pawns. In a small aside, the exhibition shows this in a display of popular novels and magazine articles from the 1930s offering the perspective of the "ordinary soldier". Their titles include "Their Beds Were Made of Stone", "The Brigade of the Damned" and "We Were Not Bandits".

There is some truth in all these views and most Wehrmacht soldiers were undoubtedly not bandits. But to claim that the Wehrmacht was a wholly "clean" army is also false. Like virtually all German institutions, the Wehrmacht in some form or another threw its lot in with the Nazis, at best playing a game of opportunistic ambivalence, at worst criminal connivance.

## A bitter taste of the peace process

Roula Khalaf was shocked at how strongly Arab friends feel about faltering Mid East peace

**I**t was while eating *ma'mul*, the Easter pastry my mother sent from Beirut, with its blend of rich nuts, and taste reminiscent of a pecan tart, that the awkward subject of Middle East peace arose.

*Ma'mul* means something close to "confection", so there is not much mystery, but it is definitely messy and only the most gifted individual can eat one without being sprinkled with powdered sugar.

The pistachio filling was rolling around in my mouth when suddenly, courtesy of the television, we were sharing the room in London with Benjamin Netanyahu, the Israeli prime minister. At that moment, when I was trying to concentrate on the pastry, I realised that the world was changing - the Arab world, I mean.

Very casually, almost as though she was suggesting that there was too much sugar coating on the *ma'mul*, or that she preferred date filling to pistachio, my friend, a very close friend, suggested that Netanyahu needed 10 bombs in Tel Aviv, not one, to understand how Arabs felt.

My friend is Palestinian, but I never figured her for a supporter of radical groups, such as Hamas, the Islamist movement opposed to peace. She certainly is not and that is what shocked me.

An eccentric painter who has spent the last 20 years in London, she was considered extreme only in her relative moderation. She surprised many around her by warmly embracing a Jewish son-in-law.

Fifteen years ago, few Arabs would have been outraged by my friend's comment. Violence was then the vocabulary of the day. Today, even among some of those who were part of a Palestinian terrorist organisation, violence is seen as futile and counter-productive. Nothing that happens in the Middle East is supposed to justify it.

Yet it was telling that my friend's remark did not elicit protest from the group.

No one challenged her remark, or even stopped to discuss it. We kept on watching television and eating *ma'mul*.

Only later did I begin to think seriously about what was behind her embrace of extremism.

It made me realise that when Arabs see Benjamin Netanyahu on television, their reaction is very different from that of a western audience.

His American accent, his reasonableness, his careful choice of words and his criticism of terrorism - who can argue with a condemnation of terrorism, and the killing of the innocent?

Television seems a strange medium when you think about how different audiences react so strongly to the same image, the same words.

To my friends, Netanyahu was diverting attention from the root cause of the violence: the decision to build a Jewish settlement in Arab East Jerusalem. For them, his words were provocative and a sign that what is called "the peace process" was falling apart.

I was surprised by the "10 bombs" comment, yet it fits with what Ghassan Salame, a Lebanese and professor at L'Institut d'Etudes Politiques in Paris, calls the radicalisation of the new middle class in the Arab world.

Salame says he is worried because Netanyahu's policies are nurturing anti-Israeli feelings far beyond the group of radical Islamists long opposed to peace.

He also says some of the most recent attacks on Israeli targets in the strip of southern Lebanon occupied by Israel have been carried out not only by the pro-Iranian Hizbollah, but also by Amal, the moderate Shia movement. Then there is the Jordanian soldier who last month killed seven Israeli schoolgirls.

And yet there were changes, dramatic changes, in outlook and expectation. There was a sense among Arabs that peace was achievable, that it was beneficial, that it was inevitable. It was a completely new flavour for the *ma'mul*, but that moment is drifting away, like a flake of pastry fluttering to the carpet.

**Though intent on my Lebanese pastry, I realised the Arab world was changing**



Once in accord: Yasser Arafat and Yitzhak Rabin at the White House in September 1995

## Buddhists in boxes look for their lost horizons

When it takes three years out of your life, John Lloyd understands why a Tibetan retreat in the Scottish borders is no Shangri-la

**T**he boxes in which they sat are high on three sides, open at the top. In front of them, as they sat, the fourth side was only a couple of feet high and a shelf sloped inward on which they could put texts - prayers, chants, readings. This was their world, for three years and three months. It is all but unimaginable. Yet 33 people did it, emerging in February into a world of whose recent events they knew nothing. They had spent the time looking into their minds.

They volunteered, and spent £7,000 on it. The retreat took place at the Tibetan Buddhist monastery called Samye-Ling, at Eskdalemuir in Dumfriesshire in the Scottish borders. Samye-Ling, begun by Tibetan priests who had fled from the Chinese rule in Tibet, is one of the main centres for the Tibetan form of Buddhism in the west.

It has attracted increasing attention - and from some, devotion - and is successful. It has collected sufficient funds to buy, for £1.5m, Holy Island, off the

west coast of Scotland.

I spoke to two of the 33 who had completed the retreat (11 had not, and one had died during it): Edie Irwin, an American, and Genevieve Pascou, of France. Both were women in their middle age, much of whose lives had been spent in travelling but whose main journey - they felt - had been internal. The retreats - Irwin's first, Pascou's second - had been peaks in their lives, events in which they had driven deeper into themselves and struggled with inhibitions, blockages and attachments without relief or distraction. "When you look into your mind for that long," said Pascou, "you naturally get a few shocks."

These travels into their interiors were done with the assistance of rigorous and monastic disciplines, elaborated largely by the co-founder of Samye-Ling, Akong Rinpoche. The retreatants each have a small room in the houses - one for men, one for women - a little distance from the main complex. Inside these rooms, there is nothing but a shelf or table for their few possessions

and a shrine - and the box. "The box keeps you warm, and when you get tired you lean against the sides," says Irwin. "If you can, you sleep in it. It is meant to help you, and it does."

"It's not meant to be a torture," says Pascou. "It has a protective quality to it. It helps concentration. I didn't find it claustrophobic or constricting."

Each day was the same. They woke at 5.45am, prayed, chanted and read until 7am. There were meal breaks at 8.30, 11.45 and 5pm for about an hour and a half, and they slept at 10pm. All other times they were in their boxes. A lama, Yeshe Lobsal, assisted with their meals and gave them letters from families and friends.

The three years and three months is timed because this represents - according to Akong Rinpoche - a natural human cycle. Within it, everything is prescribed and laid down minutely - the times and type of prayers and chants and readings.

Neither woman had come to Buddhism through disgust with a previous life, nor because they had experienced a crisis - though

one of the retreatants, Rebecca Tibbory (who calls herself Ghoto), was a 23-year-old model earning £1,500 a day, and a heavy drinker and drug user.

Pascou studied literature at the Sorbonne, took her licence - "but just for the sake of my family. I knew I didn't want a career." She went east, then found a Tibetan

**The most important thing was simply not to run away**

Buddhist centre in France, near Dijon, and stayed there for some time. She came to Samye-Ling, first in the early 1970s, left, travelled more, returned in the mid-1980s and did her first, four-year retreat.

"I have always interested myself in the spiritual side of life. If I look back on my life it has

always been there. I have never had a career. I always worked to get money only, to make room for a spiritual life."

Irwin is the daughter of a Washington correspondent for the Los Angeles Times. She, too, went to India after studying oriental languages at Berkeley; worked as a translator and went into meditation.

She met the British "alternative" psychiatrist R.D. Laing, and went to London to join his Archway community where the barriers between doctors and patients had been broken down. She stayed there for five years, and found it hard, even dangerous. In 1979, she went to Samye-Ling, and has lived in or near ever since, working as a therapeutic masseuse.

"I took my time. I decided to work up to the retreat slowly. Finally, I volunteered for the one in 1993, when I think I was ready. At times you felt depressed, anxious, worried."

The most important thing was simply not to run away. "I never wanted to leave - but I was having to stay in mental states

which before I would have tried to get out of. You can't put on the radio or go down to the corner shop. You live on through it."

"It was a wonderful opportunity for developing compassion. Compassion comes from patience with yourself as well as with others. I had always escaped before - in London or elsewhere. In Samye-Ling, there was no escape, no escape from myself."

In his book, *Turning the Tiger* (the Tiger is "the wildness within"), Akong Rinpoche writes that "the aim in developing loving kindness and compassion is for it to become impartial. We must come to understand that being kind to our friends over our enemies is not the right way. Since a friend of one day can be an enemy the next and vice versa we shouldn't take too solidly the idea either. As far as we can, we treat our enemies as amicably as our friends and see everyone as someone to be kind to."

It is this which those who are not devotees find hardest to accept. The attachment to friends and lovers is assumed to be special, to distinguish itself in its

intensity and fidelity from other attachments. Those who succeed on the Buddhist road treat everyone the same - a trait we condemn as shallow, an index of a lack of understanding, not a deeper level of it.

Pascou adds another difficulty for the western mind. "You have to trust - not ask questions, not put the intellect at the front. In France, everyone has to be clever. The worst you can be is stupid. But in the Buddhist way, once you have a master and you trust him, you must accept what he says, accept his guidance. The thought of not asking questions was not one easy to accept - especially when what was at issue was the nature of one's life."

Pascou adds: "Part of what happened to me, and I guess to the others, is an understanding of how little we understand. I grew to realise that the only skill I have is sitting in a box. It's the only thing I can do."

Over three years to learn that? And yet, the detached serenity of these women returns the question to oneself. Do you have that skill? Could you do that?



**A worrying image for the Greeks: Lucrèce and Tarquin. Simon Vouet (1590–1649)**

**Adultery rather than rape bothered the ancients more, finds Nick Kochan**

men. One can only guess how ancient women felt about their lowly and vulnerable state.

myself from the punishment; nor shall any woman hereafter live

selected writings, as soon as possible. And what about some of the other giants of those times? The physicist, and Huxley's great friend, Tyndall constantly intrigues in these pages, and surely deserves a new biography to himself. While Desmond goes on producing books as enjoyable as this, we must keep him writing.

who have different priorities. Having identified a dearth of females in her world, Wertheim might have done science education a big favour by digging deeper for causes and thinking harder about remedies. Instead she throws out buzzwords like "affirmative action", "access", and "strategies". Her potted biographies of female scientists (the famous mathematical countess Ada Lovelace, Byron's daughter, is strangely missing) and her collection of complaining quotes from current feminists leaves us little to

And if, as the author says, the boys are wasting taxpayers' billions looking for the Grand Unified Theory with their particle accelerators then perhaps what we need is not so much women physicists as political budget controllers (including women

## Christian Tyler



## BOOKS

# Poles on the moral compass

Caryl Phillips follows the progress of African-American communities this century

In 1903 the African-American philosopher and writer, W.E.B. DuBois, claimed that the twentieth century would be dominated by questions related to the "color line". As we near the end of the century, it is clear that not only was he right, but the nature of these problems, particularly in his home country, appear to have become increasingly intractable: the line is now something akin to a wall, with blacks on one side and whites on the other.

In the second half of this century, black America has changed more radically than in the previous 200 years. The gains of the Civil Rights movement of the 1950s and 1960s gave rise to the student-led black nationalism of the 1970s, and then in the 1980s and 1990s to the emergence of two distinct African-American communities. On the one hand are the black middle-classes, the beneficiaries of legislation which has led to improved educational opportunities; on the other, the black underclasses for whom no amount of educational opportunities seem able to rescue them from the cycle of drugs, poverty and violence which grips much of urban America.

Charles Evers is the older brother of the slain civil rights leader, Medgar Evers. Whereas Medgar remains nationally known and respected in the US, his widow – the chairperson of the NAACP – and his work and short life are the subject of at least one feature film and countless books. Charles Evers has little constituency beyond his native Mississippi. Superficially, at least,

## HAVE NO FEAR: THE CHARLES EVERS STORY

by Charles Evers and Andrew Szanton

John Wiley & Sons \$24.95, 333 pages

## BLACK INTELLECTUALS: RACE AND RESPONSIBILITY IN AMERICAN LIFE

By William M. Banks

W.W. Norton \$29.95, 335 pages

the contrast between the two could not be greater. As Charles Evers admits:

"While Medgar was thinking about the vote, I was thinking about the dollar. Medgar chased civil rights, I chased girls, civil rights, and the dollar."

"I was the naughty one, Medgar the good guy. I gave till it was enough. Medgar gave till it hurt. I hustled, wheeled and dealt."

Although their moral compasses may have been pointing in opposite directions, both brothers were determined to effect a change, and in his own way Charles Evers succeeded in doing just that.

He underwrote many of the costs associated with the running of his brother's Mississippi office by dealing in women and liquor in Chicago and pursuing shady business interests with the Mob. Then, after his brother's assassination in 1963, Charles returned to Mississippi and took over Medgar's office and became head of operations for the NAACP in Mississippi.

He became a friend and confidante of Martin Luther



African American experience: black women gather for the memorial service of Thurgood Marshall, the Supreme Court's first black justice, at St John the Divine, New York

Photo from Black in America, Magnum Photos

King, Presidents Kennedy and Johnson, frequently calling upon them, having his advice sought and being instrumental in civil rights policy-making.

After Kennedy's death, Evers became increasingly close to Bobby Kennedy, whom he soon came to regard as his best friend. Between 1963 and 1968 he advised, cajoled and worked for Bobby until yet another assassin's bullet sent Evers back to Mississippi where he became the first black mayor to be elected in Mississippi since Reconstruction. By 1989 he had been voted out of office and failed to become governor of his home state. In 1992 Charles Evers could be found at the Republican National Convention cheering for George Bush.

His story, subtitled *A Black Man's Fight for*

*Respect in America*, is eloquently told and is, in the main, free of self-pity. But what does it all mean? Evers concludes by stressing the fact that he has managed not to hate whites, despite having witnessed countless whites at themselves up with hate and bitterness. He celebrates the fact that the Medgar Evers Homecoming weekend which he organises every June, features reformed white racists who now flock to pay tribute to his martyred brother. Evers, however, never addresses the question of "respect", seemingly happy to subscribe to the "American" notion that "success" is the important commodity, and the measure of success is to be calibrated in dollars.

"The Medgar Evers Homecoming costs me plenty of headaches and \$30,000 a

year. But it's worth every penny. It's the only thing I run all year where I forget about turning a profit. And you know Charles Evers is in love when he isn't trying to make money. I just want Medgar recognised."

His political shift to the right, and his insistence on "green power" as the real yardstick of independence and self-determination, places him in the camp of the African-Americans who have achieved middle-class status and left behind not only their origins, but possibly any enduring connection to the underclass majority of the African-American population.

Evers's opponent in the 1989 election which saw Evers removed from mayoral

office, had a slogan which succinctly castigated Evers's increasingly selfish philosophy. "We've seen what Fayette can do for one man. Now let's see what one man can do for Fayette."

William Banks's *Black Intellectuals* is a straightforward chronological survey of African-American intellectual activity from slavery to the present-day. The author acknowledges the importance of Harold Cruse's 1968 landmark study, *The Crisis of the Negro Intellectual*, is the seed for his book, but whereas Cruse's book was both original and provided the platform upon which a future generation of scholars were able to build.

Banks's book, although extensively researched, and bearing the strong subtitle *Race and Responsibility in American Life*,

seems curiously simplistic.

Banks unearths some interesting facts, informing us that an American Negro academy was founded in 1898 which although it only lasted until 1928, exerted a valuable influence over black intellectual life in the United States. He also reminds his reader of the degree to which black intellectual thought has been dependent upon white capital and patronage, not only during the well-documented years of the Harlem Renaissance of the 1920s, but in the years since then.

However, it is only in his concluding chapter, where he looks at the emergence of the new intellectuals such as Cornel West and Manning Marable, that Banks grapples with vigor and originality the schism between the black middle classes and

underclass. He throws light on the role that contemporary intellectuals have played in this new configuration of African-American society, and speculates as to how this new "talented tenth" of the population might form a bridge between the haves and have nots.

Given the current malaise in African-American society, Banks's analysis is not only valuable, but necessary. Unfortunately, in the light of his challenging conclusion, the chronological survey which comprises the greater part of his book, appears somewhat pedestrian.

At this state of late 20th century history, it is vital that African-American society finds a way forward rather than rehashing events of the past, no matter how revealing and fascinating they might appear to be.

Rereading / J.D.F. Jones

## Ondaatje's prequel to greatness

In all the commotion about the Oscar-winning film *The English Patient*, it is curious that none of the critics has reminded us that Michael Ondaatje's novel is a sort of sequel to another brilliant book which he published in 1987 – *In the Skin of a Lion*. I assume that, just as many of the people who enjoyed the film have not (yet) read the book, many of those who had read the Booker Prize-winning *The English Patient* have not gone back to Ondaatje's earlier work.

That's a pity, not least because several of the characters in *The English Patient* first appear in *The Skin of a Lion*. The nurse Hana, for instance, is a child in the early book, befriended by the great friend of her step-father, Patrick, the professional burglar Caravaggio.

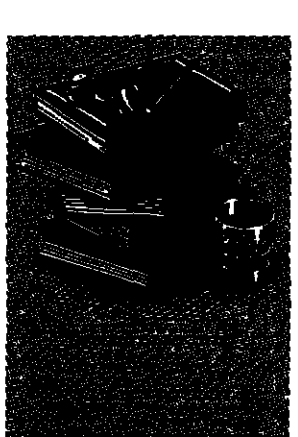
To know this makes better sense of the plot of the film: Caravaggio, the allied spy

who has been tortured by the Germans, comes to the Tuscan villa not because he is seeking the Hungarian Count Almásy, but because he has heard that Hana is there and in trouble. Equally amended by the film, Hana is in near-breakdown because she has heard of the death in action of her beloved father, Patrick.

At this point it is necessary to emphasise how the film upsets the balance of the book. *The English Patient* is "about" four people of equal significance, whose stories interlock and who are all in some sense "patients" in retreat from the war. The film extracted Hana and the mysterious dying pilot (with his memories of his pre-war

romance in North Africa). Caravaggio became a supporting part; the Sikh sapper Kip was near written-out. This has made for a successful middle-brow film but it denies Ondaatje's prime purpose, which is summed up in the quotation from John Berger with which he prefaced *In the Skin of a Lion*: "Never will a single story be told as though it was the only one".

Ondaatje developed his technique in *In the Skin of a Lion*. The central character is Patrick, a Canadian working man who is slowly radicalised by his experiences in the Depression years between the wars, but he is not always present. There is a Caravaggio, first seen



tarring the Toronto streets and later learning his chosen trade as a thief, whose life is saved in prison by Patrick. There is a young nun who is

blown off a viaduct, is miraculously rescued by a Macedonian steeplejack, Temelcoff, and will eventually become Hana's mother. There is Clara the actress, mistress of the abandoned tycoon Ambrose Small, who will become Hana's step-mother. There is Cato, Hana's real father, the loggers' strike organiser who is murdered by the bosses.

Most of them appear again in *The English Patient*, where the counterpart of the characters echoes Patrick's discovery one day in Toronto: "He saw himself gazing at so many stories... His own life was no longer a single story but part of a mural, which was a falling together of accomplices. Patrick saw a

wondrous night web – all of these fragments of a human order, something ungoverned by the family he was born into or the headlines of the day. A nun on a bridge, a dare-devil who was unable to sleep without drink, a boy watching a fire from his bed at night, an actress who ran away with a millionaire – the detritus and chaos of the age was realigned..."

(Does the film achieve this "falling together of accomplices"? I think not.) In *The Skin of a Lion* was published on first publication as a rare novel about "work". That is true. Ondaatje writes of the wretched immigrants to Canada in those days – Macedonians and Greeks,

Poles and Lithuanians, Finns and Italians – who were admitted so as to work as an underclass.

There are brilliantly detailed portraits of the horrors of the tanning industry, of logging, of building Toronto's Prince Edward Viaduct in 1918, of the labour of tunnelling under Lake Ontario in 1980. The response, for Alice and Cato, and then for Patrick and Caravaggio, can only be protest, and prison, and violence, and for two of them death. They are observed by the child Hana, who, as we know, will arrive in Italy in 1943 as a nurse with the Canadian forces.

In this earlier book Ondaatje demonstrates the same ability to create

virtuoso sequences built upon esoteric research and imaginative foray. The book has the boy Patrick rescuing a cow from burglary; the arts of dynamite; the ordeal of the navy underground; and so much else.

There are also images that prepare us for the "Patient" – Patrick is set on fire by the millionaire; the nun tumbles off the bridge into a void (as Kip's motorcycle will plunge over parapet). We are preparing for a central Ondaatje image, which has as much or as little symbolic power as you wish to attach to it: the English patient has parachuted from his plane, in flames. (The French edition is called *L'homme en flammes*). The film does not attempt this fundamental image, which seems odd. Instead, we are given a closing sequence which is both fudged in its timing and cruder in its content.

In the book, you don't even see the English patient die. There's no need.

## One-liners and the iron lady

It may be hard to believe, but here is a thoroughly engaging book composed entirely of quotations from and about Margaret Thatcher.

The former prime minister was almost always vivacious – even actressy – in private, and could be a most powerful public speaker, especially at Tory Party conferences. Possibly she made too few speeches in Parliament, though after she won the 1979 general election her majority scarcely demanded more. Prime Minister's Question Time was enough.

Her technique lay less in what she said than in the way she said it. Her words did not come out well cold on the printed page. Yet since she bestrode British politics for a decade, some of

her words, and what was said about her, are worth a return visit.

She had some notable admirers. President Ronald Reagan was said by his defence secretary, Frank Carlucci, to be so in awe of

## AS I SAID TO DENIS, THE MARGARET THATCHER BOOK OF QUOTATIONS

by Iain Dale

Robson Books, £14.95, 207 pages

her that the President would grant a British request in advance rather than risk taking an impassioned telephone call from the hotline in 10 Downing Street.

Philip Larkin and Kingsley Amis were fans. Larkin said that he adored her and that

she made politics make sense to him for the first time since Stafford Cripps. Paul Gascoigne went to a reception at No 10 for the England football team and came out saying "she was nice and cuddly". Max Bygraves broadcast a song for her: "So long Maggie, we want you to know/We still love you, even though you must go." More recently, Geri of the Spice Girls has claimed Lady Thatcher as the pioneer of "girl power".

Some other compliments are slightly barbed. President Mitterrand said that "she has the eyes of Caligula, but the mouth of Marilyn Monroe". David Owen talked of "a heady mix of whisky and perfume". But the compliment that counts most must come from her predecessor as prime minister, James Callaghan. "The further you got from Britain", Callaghan said, "the more admired you found she was".

Lady Thatcher herself was more of an activist or, as she put it, a stirrer upperer than a wit, yet she did have some *bons mots* of her own. "I haven't the figure for jeans," she said just after she became prime minister. She declared in 1970: "I usually make up my mind about a man in 10 seconds, and I

very rarely change it." She accused terrorists of seeking "the oxygen of publicity", a phrase that has stuck in the language. And perhaps her most imperious remark came in her maiden speech to the upper house: "I calculate that I was responsible for proposing the elevation to the Lords of some 214 of its present members."

One curiosity – she did not like people who spoke in paragraphs. This comes out in her comments on Lord Cockfield, the man she sent to Brussels to reform the Common Market, then turned against him for doing just that. She has a similar go at Valéry Giscard d'Estaing, a former president of France, whom she accused in her memoirs of "speaking in paragraphs of perfectly crafted prose which seemed to brook no interruption".

Still, *As I Said to Denis*, edited by a young admirer, Iain Dale, is a wonderful trip down memory lane. You will also note that Lady Thatcher said of Tony Blair as early as 1994 that he was the most formidable Labour leader since Gaitskell. "I think he genuinely has moved [from socialism]", she told BBC television.

Malcolm Rutherford

## Deeper is the frank and revealing account of John Seabrook's odyssey in the relatively new and uncharted universe of cyberspace.

We follow him on his voyage into this brave new world, from his buying a modem and getting connected to e-mail; his attempt at cyberspace (in which he becomes the femme fatale "Bambi" for a day); finally, the arrival of the World Wide Web and the setting up of his own website.

His journey reads like a rite of passage, in which he wavers between naïve "newbie", petulant schoolboy, indignant humanist, and victim of frequent "flaming" (the sending of insulting e-mail).

Seabrook begins dewy-eyed with expectation, praying for a spiritual awakening out of his immersion in the new-found colony and community of virtual reality.

But it is not long before his experiences turn sour and a healthy scepticism begins to inform his learning on the net. He discovers that cyberspace, like reality, is abundant with nastiness and brutish behaviour. Seabrook constructs his various initiations and happenings in cyberspace in an archetypal "odyssey" narrative with the book divided into three main parts: infant

## Lost and found in Cyberspace

nation, disillusionment, and the search for home. He frequently loses his way on the information highway; he does the guise of a technomad, since in this new space there are no pre-established roads to follow, no right or left, no solid terrain or pole star.

The difficulties of being caught in the Web stem from the fact that one has to begin anew, as if one is being reborn, with the texts of metaphysics (who am I?) and ethics (why am I?) having to be written from scratch.

Curiously, cyberspace makes tangible what many people experience in "real" life, namely, the intimation that the self is a construction and invention, neither fixed nor stable, not a "thing" (a "being") but a movement (a "becoming").

Seabrook's narrative captures well the highs and lows of being on-line, the addition to e-mail, including the sinking feeling which accompanies the absence of any new mail, and the feeling of being naked in front of a virtual community of on-liners ("users" and "abusers").

Seabrook's account of his experiences on-line validate the insight of the French philosopher Jean Baudrillard that we cannot be at home amid pure functionality, but need to find within technology a kind of talisman.

## DEEPER: A TWO-YEAR ODYSSEY IN CYBERSPACE

by John Seabrook

Faber & Faber, £12.99, 288 pages

man, a shard of absolute reality enshrined at the heart of ordinary reality in order to be able to justify it and make sense of it. In short, for all its post-human pretensions cyberspace shows itself to be a thoroughly humanised world. Not only is this world "brave", it is also deeply

boring. At one point Seabrook confesses to suffering from "e-ennui", which is the boredom created by the bombardment of electronic information.

New technologies like the Internet embody a generalality (of information, of ideas, of technology itself) and the ever more rapid occurrence of the Freudian "repetition compulsion" (the infamous death-drive).

Seabrook, a staff writer on the New Yorker, has written a sober and intelligent book. By the end of it he has discovered that his cyberspace odyssey speaks of an ancient story, one to do with the human lot: "Sometimes I have the strange feeling that everything that happened to me in my two years on-line actually happened long before I was born, and what I have really been looking for in cyberspace is something that somebody else lost a time ago". Cyberspace as the human, all too human story of lost innocence?

Keith Ansell-Pearson

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ARTS / COLLECTING

# Revelation of richness

Susan Moore on an unmissable collection from the second golden age of Byzantium



"Icon with Saint Eudokia", from early 10th century Constantinople

Photo: Bruce White

If ever an exhibition was worth crossing an ocean to see, it is this. "The Glory of the Byzantium", at the Metropolitan Museum of Art in New York (until July 6), is a phenomenal achievement. It is the fruit of a four-year collaboration between some 60 scholars and no less than 119 institutions from 24 countries - churches, monasteries and museums - which have agreed to lend major works of art, or even volunteered what amount to national treasures.

Never before in their 1000-year histories, for example, have the Orthodox monasteries of Iveron on Mount Athos, St John the Theologian on Patmos and St Catherine on Mount Sinai in Egypt lent abroad. The loan of the tiny enamel Dagmar Cross had to be ratified by the Danish government. Needless to say, we shall not see these objects - frescos, mosaics, ivories, illuminated manuscripts, cloisonné enamels, silks, jewels and other precious metal work - reunited in our lifetime.

Previously, Byzantine shows in London, Paris and Copenhagen have offered a sweeping panorama of this sprawling and long-lived empire through works of art drawn from local collections. The Met exhibition - the sequel to its 1977 "Age of the Spirituality" show which focused on the last centuries of the empire - considers on its own terms for the first time the middle or second golden age of Byzantine civilisation.

The period begins with the end of the iconoclastic controversy and the restoration of the veneration of icons in 843, and closes with the looting and occupation of Constantinople by the Crusaders from the Latin West in 1204-61, and the demise of Byzantium as a world power. Relatively little survives of this period of extraordinary imperial confidence and splendour - but the very best of it, more or less, is here.

The effect of all this material brought together for the first time is to make one realise that one knows only the tip of this particular iceberg.

Most of us have probably seen a handful of Middle Byzantine masterpieces - most likely the V&A's exquisite ivory Veroli casket, carved with scenes of classical mythology and evidence of continuing interest in the art of later antiquity; the Paris Psalter in the Bibliothèque Nationale, the most famous illustrated codex in Byzantine art; and the Stavelot altar in the Pierpont Morgan Library, a fabulously richly ornamented reliquary of the Truse Cross covered with gold leaf, inset with a combination of brilliant Byzantine and equally fine later Moslem enamel and studded with gems and precious stones.

That these are by no means unique in terms of quality, richness and invention comes as a revelation. In fact almost every preconception one had about Byzantine art is all but turned on its head. This show illuminates the range and vitality of a visual language all too frequently assumed to be hieratic, static, two-dimensional and monotonously mystical.

In every sense the "Glory of Byzantium" is an ambitious enterprise - this is no mere "masterpieces" show. In tandem with its weighty, handsomely illustrated catalogue, it sets out to explore four complex and interrelated themes. First, the religious and secular cultures of this vast, multi-ethnic empire, which during this period expanded its boundaries north of the Danube, east of Syria and the Caucasus and south to Crete.

Then we move on to the wider influence of Byzantine culture on the empire's Christian neighbours and

which the rest of the world could only aspire - save for the rival great courts of the Islamic East which alone excelled Byzantine envy.

The last sections address the cultural exchange between Byzantium and the Islamic East and the Latin West, through specific objects known to have travelled during the period, whether as a result of trade, diplomatic gifts, dynastic marriages or plunder.

The sense of wonder that is the standard western European response to the Byzantine civilisation is vividly evoked in the words of Abbot Suger of Saint-Denis, whose challenge here - an ancient Alexandrian sardonyx cup given silver-gilt mosaics in the early 12th century - appears to have been made in conscious emulation of Byzantine prototypes.

Wrote Suger: "I used to converse with travellers from Jerusalem and, to my great delight, to learn from those to whom the treasures of Constantinople and the ornaments of Hagia Sophia had been accessible whether the things here could claim some value in comparison."

Rekindling that sense of wonder is one of the achievements of this colossal show which, like all the best exhibitions, succeeds by both demanding a great deal from its visitors at one level and, at another, calling for nothing more than an openness of mind and heart.

Who could fail to marvel at these still brilliant gilded manuscripts or the remarkable icons from Mount Sinai, saved from destruction at the hands of the iconoclasts by virtue of being in lands

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## Veronica's (alias Marion's) revenge

Antony Thorncroft on why the Banque Bruxelles Lambert's loss is the art world's gain

Baroness Marion Lambert is a driven woman. For much of the past decade she has been assembling one of the finest collections of contemporary photographs, featuring the work of artists Cindy Sherman, Robert Mapplethorpe, and Gerhard Richter, as well as a smattering of British underdogs: Gilbert and George, Damien Hirst and Sarah Lucas.

Now totalling five hundred items, the pick of the Lambert Art Collection (LAC) was destined for the spanking new premises of the Banque Bruxelles Lambert in Geneva, of which her husband, Baron Philippe, is chairman. The

bank is a striking building, designed by Mario Botta - and the photographs would have set it off finely, suggesting its (mature) private clients that, although of ancient foundation, the Banque was up with the times.

In the event the Baroness proved to be way ahead of the times. The newly appointed manager of the Banque, Guy de Marnix (who happens to be the son-in-law of the Banque's Brussels-based president), took one look at certain of the images and asked for them to be removed. He thought that some fairly tame photographs of transvestites by Nan Golden sent out the wrong message.

He also took down Wolfgang Tillmans' image of cuddling men - and a pair of pet dogs by Rosemarie Trockel. Obviously a man from the "I know nothing about art" school, the peremptory decision, just days before the Banque opened, was too much for the Baroness. She withdrew her collection, finding a temporary home for it across Geneva in the Centre d'Art Contemporain. "Veronica's Revenge", a title taken from what might be claimed as the first photographic image, the face of Christ on St Veronica's kerchief, can be seen there until May 11. For Veronica read Marion.

The Banque's loss - it has

been forced to decorate the building with a job-lot of undemanding images from Belgium - is the art world's gain. Marion Lambert bought well at a good time. A banker's wife must be quite pleased with the \$600 she spent on acquiring one of Cindy Sherman's film stills now that the Museum of Modern Art in New York has just invested \$1m in the complete set. She was also buying Matthew Barney, first winner of the BOSS-Guggenheim art prize, at the right time.

Apart from Gilbert & George, British artists never embraced photography as a medium for contemporary artistic expression with the same enthusiasm as the

Americans and the Germans. So many of the works on display in Geneva seem fresh and stimulating. Louise Lawler exploits an inspired idea by photographing famously controversial paintings in the same domestic settings that they now occupy - Jasper Johns' "White Flag", for instance, hangs discreetly above the bed of its current owners; two sexually provocative turn-of-the-century paintings by Hodder sets off bourgeois furniture in a Swiss lounge, while another photographer, Nobuyoshi Araki, has shocked Japanese prudery to the core with his nude montages.

The LAC ignores

photography as documentary, or as decoration, or as high art. These photographs set out to arouse a creative reaction in the viewer, be it disgust, excitement, or even boredom, and they often succeed. The spat with the Banque will have done their value no harm.

They are now free to travel the world. Marion Lambert has already received an offer for a show in Hamburg and a London exhibition is on the cards.

On this rare occurrence of the chairman, or at least the chairman's wife, not getting their own way in creating the artistic image of the company, the wider public is the incidental beneficiary.



Part, but unsuitable: Rosemarie Trockel's Elena, 1993

A salutary, not infrequent pleasure of the art critic's life is approaching an exhibition full of confidence in knowing an artist well enough, only to find one knows him not at all. Paul Delvaux, who died but three years ago and whose centenary the Royal Museums of Belgium in Brussels are now marking with a thorough retrospective, is just such a case.

Not that the work itself, in the larger part, is exactly unfamiliar - those somnolent women naked in the deserted, colonnaded, benighted city of a dream; wandering vacantly beside the railway line; waiting at the station for who knows what train to leave nymphs splashing in the sea.

Such was the stuff he turned out through his long old age, as the world expected of him.

But even it - set out fairly in the sequence of its development, partly in the themes to which he insistently returned - has its surprises. The first is how comparatively late that development was. While the nude, and the female nude in particular, is the principal feature of the

work almost from the beginning, the first tentative realist narratives do not appear until the mid-1930s, when Delvaux was nearly 40, and the full manner that fixed both his singularity and his reputation is not established until just before the war.

The first train arrives, it would seem, only some time after 1945. These years, the 1940s, not only set the pattern, but also see the best of it. The cast of images will remain largely the same - languid naked and half-dressed women; long skirts, tight bodices and wide hats of the early 1930s; white-coated scientists and truck-coated old men. But it is in the work of this period that the gentle, oblique eroticism peculiar to Delvaux is invested quite as much in the actual painting and modelling of the figure as in the reference itself.

The work done during the war itself is characterised by being set in a never-near land of classical ruin and

renaissance street. But incidental to that work is the recurrent image of a skeleton. And most remarkable are not those in the larger compositions, but a number of drawn and painted objective studies, in particular one of the upright skeleton in an empty studio, one foot raised upon a box. These studies are not only extraordinary in themselves but, in their technical accomplishment, validate everything about them.

More than that, they turn us back to the work of the younger man that formed them. And what we discover is an artist in the late 1920s and early 1930s far less singular, in the purely eccentric sense, but nonetheless impressive.

The student work is fairly run-of-the-mill but then comes a remarkable

sequence of monumental figure paintings, mostly half-length nudes, that show a clear awareness of the then current Italian painting, and Strind in particular.

**It would be all too easy to read him as but another Freudian scene-setter**

The idea of Delvaux as an isolated sort is immediately blown away.

This sophistication is confirmed by the drawings, sketch-books and water-colours through the 1930s. In particular a whole group of works is revealed founded

upon Delvaux's coming across the Spitzner Museum, a stall at the Midi Fair in 1932, which among much else showed a wax figure of a naked girl that, by virtue of an internal pump, appeared to breathe. From this experience derives all those later images of the sleeping woman observed. These more immediate responses are the more interesting for being so unexpectedly broad and open, looking to examples from Picasso to Grosz and Ensor yet remaining entirely personal.

Delvaux resisted the label of surrealist, but with his arbitrary associations, sexual innuendo, and inconclusive narrative proposals, he can hardly escape it.

Why are all these women naked but ignored in a roomful of men? Do I wake or dream? But he was right

even so to resent too narrow a limitation. Paired too glibly with Magritte, with his deliberate literary and conceptual play upon visual perception and ideas, it would be all too easy to read him as but another Freudian scene-setter and story-teller.

But he is more than that and, with his sense of a world heightened as in a dream, credible and coherent but quite other, as close to de Chirico and the Italian metaphysical painters in his later work as to any surrealist.

But it is now the younger Paul Delvaux, feeling his way towards that later position, who is the more interesting.

His day-dreaming, so painterly nudes of 1930 are already invested with the calm, enigmatic presence of

## Surprised by a familiar artist

William Packer follows the development of Paul Delvaux's extraordinary work

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The idea of Delvaux as an isolated sort is immediately blown away.

This sophistication is confirmed by the drawings, sketch-books and water-colours through the 1930s. In particular a whole group of works is revealed founded

upon Delvaux's coming across the Spitzner Museum, a stall at the Midi Fair in 1932, which among much else showed a wax figure of a naked girl that, by virtue of an internal pump, appeared to breathe. From this experience derives all those later images of the sleeping woman observed. These more immediate responses are the more interesting for being so unexpectedly broad and open, looking to examples from Picasso to Grosz and Ensor yet remaining entirely personal.

Delvaux resisted the label of surrealist, but with his arbitrary associations, sexual innuendo, and inconclusive narrative proposals, he can hardly escape it.

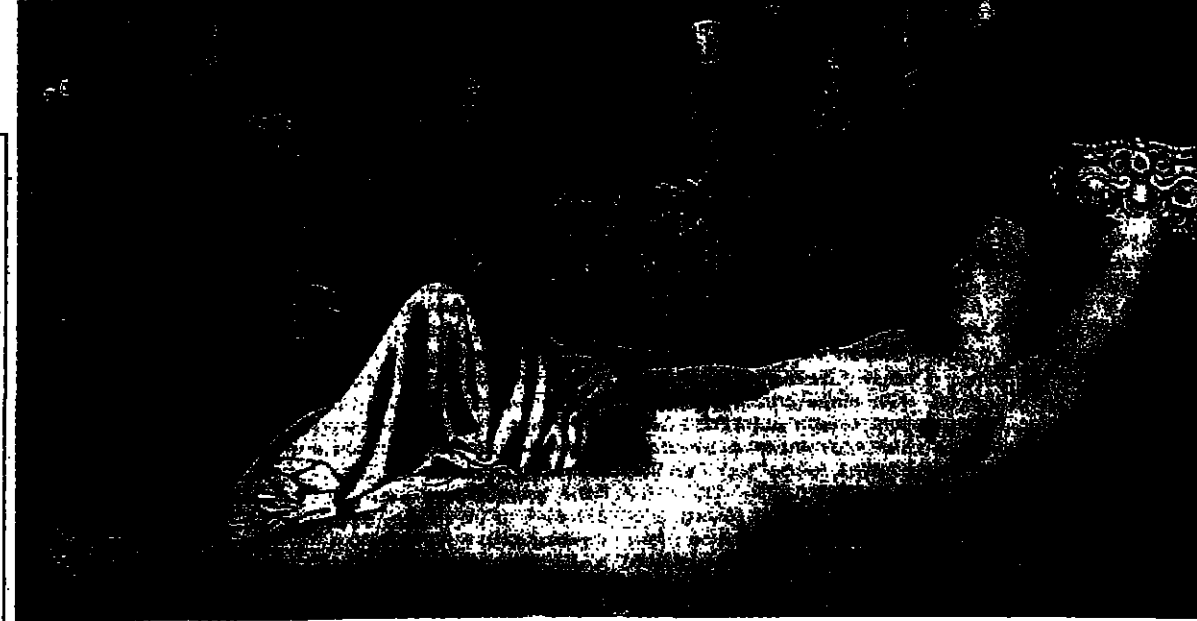
Why are all these women naked but ignored in a roomful of men? Do I wake or dream? But he was right

even so to resent too narrow a limitation. Paired too glibly with Magritte, with his deliberate literary and conceptual play upon visual perception and ideas, it would be all too easy to read him as but another Freudian scene-setter and story-teller.

But he is more than that and, with his sense of a world heightened as in a dream, credible and coherent but quite other, as close to de Chirico and the Italian metaphysical painters in his later work as to any surrealist.

But it is now the younger Paul Delvaux, feeling his way towards that later position, who is the more interesting.

His day-dreaming, so painterly nudes of 1930 are already invested with the calm, enigmatic presence of



Delvaux's gentle, oblique eroticism can be seen in 'The Public Way', 1948

Foundation Paul Delvaux, St-Edmont, Belgium

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## ARTS

# For the children in all of us

Jackie Wullschlager on our golden age of 'family' films

How many books have you read 36 times? I am a literary junkie, and I can only name three. But I have watched many children's films 36 times – the average number of replays for a Disney video – with responses ranging from appalled tedium, to sing-along coosiness, to occasional astonished fascination.

So, when the letter demanding a video equivalent to the FT's top 50 "Books to furnish a nursery" was pulled from the postbag the challenge was irresistible. First, because videos have a greater impact on the 1990s child than any other cultural product. The *Jungle Book* has sold 4.5 million copies in the UK, *Pingu* more than 1m.

Watched nightly and linked with every kind of juvenile merchandising from books and clothes to toys and breakfast cereals, videos form early on children's sense of a story and their role models. They condition their idea of art, beauty, the mystery of enchantment. They set children thinking about morality and justice. They determine playground songs – A Spoonful of Sugar, Do Re Mi. They make books look like antiques, and their influence on children by the time they are seven would turn the Jesuits or Miss Jean Brodie as green-eyed as *Snow White's* stepmother.

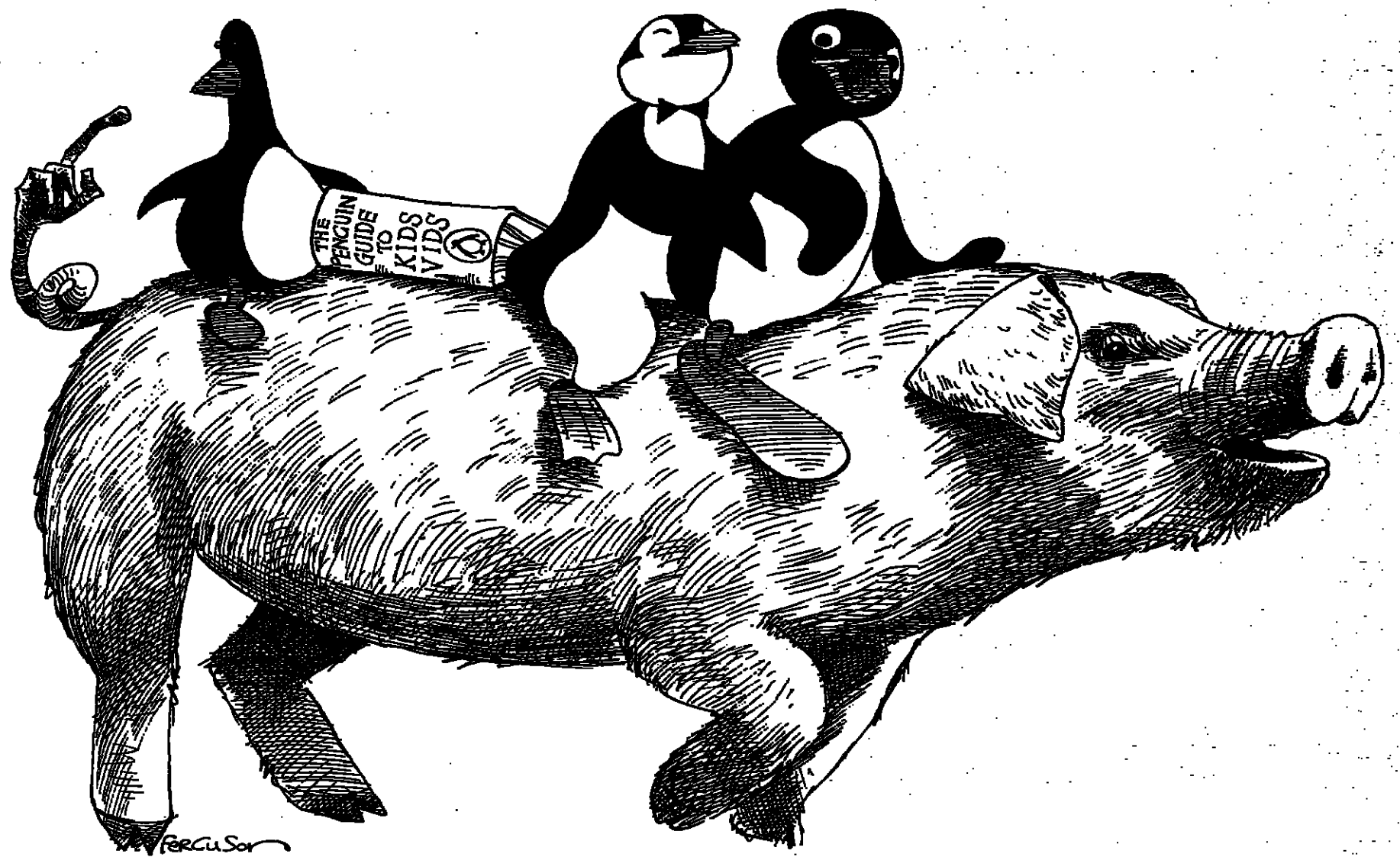
Second, because now is a golden age of children's films. While we look back 70 or 100 years for our favourite children's books *Winnie-the-Pooh*, *Alice* – the great children's films come mostly from three periods: the late 1930s to early 1940s, the 1960s, and the 1990s. Perhaps all three are escapist eras – the war years, the flower-power idealism of the swinging sixties, our end-of-century nostalgia – which liberated the energy for fantasy. Since 1991, when Disney

launched *Beauty and the Beast*, its first fairy tale animated movie for 30 years, there has been a flowering of children's culture on screen more diverse and exciting than ever before.

It ranges from the technological revolution of *Toy Story*, the first wholly computer-generated animated feature, to the everyday activities of *Pingu*, a clay modelled penguin speaking a sort of toddler esperanto, to a stop-motion *Pumpkin King* riding a coffin-shaped sledge drawn by skeleton reindeer in the hilarious revisionist *Nightmare Before Christmas*. The age embraces environmentally correct epic (*Lion King*), feminist heroines (*Pocahontas*, *Esmeralda* in *The Hunchback of Notre Dame*), sadistic non p.c. heroes (*Wallace and Gromit*), and every child's dream of a talking pet (*Babe*).

It also includes much to turn a sane adult into Herod. On screen as on the page, there is no great children's art which is only children's art. How many children watch the *Sound of Music* as a homage to art, aware that music not only defrosts Christopher Plummer and Julie Andrews but eventually saves the von Trapps' lives as they escape the Nazis during the thunderous applause to their farewell song? How many see loss of youth behind the pastoral dream of frolicking fawns in *Bambi*? The answer is none – these are later pleasures.

Yet to stretch a child's imagination, a movie must work on many levels, opening up new dimensions like a Chinese box, with the final ones – ironic, light-hearted, but with that wistful touch present in all children's classics – speaking to adults. Take *Toy Story* – an 18-month-old screeches each time Mr Potato Head moves, a five-year-old follows the story, a 10-year-old enjoys the toy-buddy-movie and the irony (Buzz Lightyear opening his arm to reveal Made



in Taiwan) and a parent laps up anything from Randy Newman's songs to Buzz's toy-spaceman existential crisis to the satire on the traditional toy Woody's "laser envy". This sort of sophisticated has made family films – *Toy Story*, *Babe*, *Hook*, *Jurassic Park*, *101 Dalmatians* – the box office phenomenon of the 1990s, attracting parents as audience rather than reluctant chaperones.

Puppet or Plasticine model stop-motion series are also classics of an appeal straddling what promotion departments call "kid" and "cult" markets. The best ones – *Magic Roundabout*, *Pingu*, *Wallace and Gromit* – draw very young children by their simplicity of form and comic animation, adults by their obsessive attention to detail, satire, the anarchic energy of an invented other world. Videos, watched repeatedly, are the ultimate test of a movie's depth, subtlety and range, if not of its dramatic scope and visual

effects. The library here is arranged roughly in order of difficulty, with toddlers more likely to enjoy *Pingu* and 10-year-olds the *Railway Children* or *Watership Down*, both brilliantly-acted or voiced dramas which address serious themes such as loyalty and individual morality.

The majority of titles, though, appeal to most children from two to 10. Disney makes up half the list, from Walt's first feature, *Snow White* in 1937, to the latest, *The Hunchback of Notre Dame* (1996). Disney films have always relied on two essentially democratising forms, animation and the musical, to enter popular consciousness across ages, classes and countries. It Victorian hymns, chanted daily, tell us about history, look no further than Disney songs to pinpoint our own evolving cultural values – the 1930s work-and-Hoovering housewife ethic of *Snow White's* *Whistle While You Work*; The *Jungle Book's* swinging Bare Necessities from the hippy 1960s, *Belle's* "I want much

more than they've got planned", *Beauty and the Beast's* anthem, as Marina Warner called it, for the Me-generation.

The ambition and radical talent of Disney animation, its ability to renew its energies to suit the times, makes Walt Disney and the Disney studio the greatest creator of children's culture this century, and the natural heir to the 19th century's Brothers Grimm and Andersen. The fantasy landmarks set down by these original inventors of nursery culture hold sway today. An enchanted universe where toys and animals talk and children understand magic is the backcloth to most of the titles: what makes them great is the modern innovations.

Spielberg's genius in *ET* is to update fantasy to the space age while dramatising the myth of innocence which has mesmerised children's storytellers since Lewis Carroll. Tim Burton's *Nightmare Before Christmas* turns myth post-modern by superimposing *Halloween* on yuletide

and recycling Coppelia or the *Nutcracker* prince as a sexy ragdoll who unpicks and sews herself up. Martin Rosen in *Watership Down* infuses a fable world of bunnies with the thrill of an unpredictable story and the shadow of homelessness and death. The enduring popularity of *Tom and Jerry* lies in the animators' split-second skill in mixing comedy and violence within a fable of small versus big – a child's consistent concern.

The fairy tale battle of good and evil supplies most of the plots here, though fear in books and films works differently. Reading a fairy story repeatedly allows a child to accommodate fear within a known, safe context. On video, by contrast, it is the moment of terror, so vividly realised in three-dimensional technicolour – the green flashlights heralding the wicked stepmother in *Snow White*, witch-like Cruella sipping up to the dalmatian pups – which children shrink from, even though repeated viewings have proved such villains to

## The children's top 20

1. *Pingu* (BBC, 1991)
2. *The Magic Roundabout* (Polygram, 1965)
3. *Jungle Book* (Disney, 1967)
4. *Bambi* (Disney, 1942)
5. *101 Dalmatians* (Disney, 1981)
6. *Mary Poppins* (Disney, 1964)
7. *Wizard of Oz* (MGM, 1939)
8. *Sound of Music* (20th Century Fox, 1965)
9. *Pocahontas* (Disney, 1995)
10. *Toy Story* (Peanut/Disney, 1995)
11. *The Lion King* (Disney, 1993)
12. *Beauty and the Beast* (Disney, 1991)
13. *Tom and Jerry* (MGM, 1940)
14. *Wallace and Gromit* (BBC, 1993)
15. *The Nightmare Before Christmas* (Touchstone/Disney, 1993)
16. *Snow White and the Seven Dwarfs* (Disney, 1937)
17. *Watership Down* (Polygram, 1978)
18. *The Railway Children* (MGM-EMI, 1972)
19. *Babe* (Sony, 1995)
20. *ET – The Extra-Terrestrial* (Sony, 1982)

be ultimately defeated.

On the other hand, true tragedy on screen, such as *Bambi's* mother's death, does not upset young children if the fatal instant happens offstage. Is that power of the moment the reason we welcome the sentimentality and morality and romance in children's films – Dorothy on the yellow brick road

leading to an American dream home, Julie Andrews teaching seven children to sing Goodnight from the steps of a baronial mansion – which we no longer accept on the page?

The greatest children's videos give adults food for thought, but the best thing about them is that they make children of all of us.

Television / Antony Thorncroft

## Big bang for 5 – now the hard work

Now We Are Five. It has taken well over a decade for terrestrial television in the UK to grow another channel so the advent of 5 last Sunday was something exceptional.

And exceptional it proved to be, in that nothing went wrong. It is a much relished British tradition that new television channels always start with a gigantic cock up, courtesy of labour or technical gremlins. Channel 5 went like a dream (at least for that small majority of the nation that is satisfactorily tuned in), with an interesting mix and match of comedy and drama, documentary and escapism. It is a real pity that 5 will never be able to afford to repeat the experience in its cash-starved future.

The future, which started on Monday, is the triumph of "stripping", a schedule so fixed that, every day, a soap opera follows a movie, a quiz replaces a chat show, with the timed inevitability of Big Ben. It may suit average-adjusters and advertisers but, for the daytime viewer at least, there is absolutely nothing on offer to build an existence, let alone a life, around.

But then 5 was created for advertisers, who complained that ITV's hegemony forced them to pay over the odds

for their commercial breaks. On opening night the advertising grip on the new channel was reassuringly firm. The packaging was spot on, with a perky livery, smooth presentation, and some of the wittiest new commercials I've seen in ages (but then they do cost more than the programmes).

There was something wonderfully cabaret about the opening, and the mystic figure was unsurprisingly "five". Programmes kicked off with the most famous five in the land, the Spice Girls; the first advertisement was for Channel 5; and, to maintain the momentum, Monday morning dawned with the former most famous five in the land, Enid Blyton's lot, adventuring away.

Also there were the programmes. David Aaronovitch's fascinating delve into the unsettling boyhoods of John Major and Tony Blair, which forced you to re-think your views on the men today, was the new channel at its best: breezy, informative, just a little bit oddball. The comedy spoof *Hospital!* was such a splendid parody of a parody that it deserves at least three more *!!!*, although it threw away dozens of gags as hysteria took over. The drama, *Beyond Fear: the Stephanie Slater Story*, about the estate agent kidnapped and entombed for

eight days by murderer Michael Sims, proved that fiction well done will always have the edge over fact. Unfortunately these were all one-offs: we will not see their like again.

What we will see again, and again, and again, indeed every evening at 6.30, is *Family Affairs*, 5's soap. A television channel lives or dies by its soap, which attracts its top viewing figures, and positions it against its desired audience. Judging by the opening episodes 5 is going for the upwardly mobile C1s. Thatcher's children now coping with their first mid-life crisis.

The contrast between the Hart family, who seem to live around Maidenhead although the budget does not allow much scenery, and the *EastEnders* who drown their sorrows in the Queen Vic is striking. When did you last see an *EastEnders* smile? The four horsemen of the apocalypse seem to regard 5 as perfect grazing pasture. It is one damn thing after another for Grant, Phil, Nigel and their women.

They should ask the council to move them to 5, where mother figure Annie Hart, who would still have sex with husband James if television plot lines permitted, never stops smiling; where son Duncan is a successful entrepreneur, one daughter is a worthy Martha, the other a cheeky Mary and where young son Jamie seems worryingly normal.

If the early plot lines of *Family Affairs* seem composed of off-cuts from *Two Point Four Children* who cares. No doubt within weeks disasters will hit Maidenhead with relentless frequency but at the moment it makes a change to have an up-beat soap and one that concentrates on a



Smiling happy people: Claire and Melanie in *Family Affairs*

single family rather than a deranged community. There is no compelling need to watch but it has more links with reality than the doomed *EastEnders*, and, so far, there has not been an issue in sight.

The other calling card for a television channel is its news coverage. Having a news break every hour tends to confirm how boring and predictable news is, how brief its shelf life. But the main, indeed only, full length news programme at 8.30 each evening is nothing to be ashamed of. One day 5 will be able to afford a chair for Kirsty Young, the presenter, or "key anchor" as she is billed, but for the moment she perches prettily on her desk and keeps her cool while controlled mayhem breaks out round her. She does make a welcome contrast to the "suits" on the other channels.

Where 5 tries to compete with the big boys – on movies and sport – its restricted budget clips its ambitions. Its greatest impact might be in the peripherals, the game

shows and the late night comedy. That wholesome prince of the one-liners, Tim Vine, is an inspired choice to host *Whistle*, as a former children's presenter he is on exactly the same wavelength as the competitors in this intriguing game show which uses technology to good effect in whittling down an entire audience to one winner. Taking cameras into the Comedy Store was also a bright idea, and doubtless many comedians will get their break on 5.

There seems no risk that with the arrival of Channel 5 more television means worse. It basically means much the same but with enough imaginative programmes, perhaps one or two a week, to broaden the choice and brighten the lives of viewers – marginally. But Channel 5 faces one insoluble problem. It is going for a fixed programme format to please advertisers and unimaginative viewers, but it also wants to appear different, more cool. It is impossible to square this particular circle, even on the box.

Radio / Martin Hoyle

## Not so neat argot

It was odd to hear an earnest academic in, I think, *Science Now* express pleasure at what she called the "nesting" of the language as evoked in street youth argot.

The example she approvingly took was "I be, you be, he be" and so on. Melvyn Bragg and chums in *Start the Week* on the other hand rejoiced that Shakespeare and the King James Bible had doubled the size of the English language. I know which attitude seems the more civilised.

The fairly obvious question of complex thought with sophisticated verbalisms seems to have eluded the academic. New words and phrases are born to express new ideas. Such developments are not unconnected with what we are pleased to call progress.

It might not have been enough to say "Me Oedipus, you Mum", or "Earth pull, apple fall on head", or even an unenlarged-on "Eureka". I hope this is not another example of the alleged rift between science and the arts.

Bragg and co breathlessly discussed the new updated *Romeo and Juliet* film: they apparently never saw the RSC production in the 1980s with sports cars, vespas, chain-whirling thugs and Hugh Quarshie an unforgettable black Mercutio in snazzy leather gear – just as opera has been ahead of the theatre in production trends, so theatre has, surprisingly, been more daring than the cinema in its treatment of classics.

That the problem of making Shakespeare's language accessible was nothing new was proved by *Easter Day's Much Ado About Shakespeare* on Radio 2. John Huntley unearthed a previously unused tape interview with Laurence Olivier and compared the

great man's views on filming the Bard with those of Kenneth Branagh. Both sounded like actors: Olivier, typically clipped, adopting the persona of a film director because, one felt, he had would have been naked without a character; Branagh, initially glottal-stopping and mottled, soon dropping the affectation but still sounding thesp.

The programme exercised the simple fascination of craftsmen talking about their business. Olivier's sound-track for the Agincourt arrows in *Henry V* depended on rubber bands twanged by broomsticks; the

It might not have been enough to say 'Me Oedipus, you Mum'

ghost in *Hamlet* attained the requisite spooky voice with tape equipment shoved under a manhole cover. Walton's music got Olivier out of an editing mess by cheating on the pace of a funeral cortege. More cheating, with reversed film, to cover narrative cracks in *Henry V*. Truth to tell, the programme ended up rather padded, with a tagged on interview with Tamsin, Olivier's daughter, though she was charming about being an actress under a looming family shadow.

Of the interviewees she alone sounded not remotely like an actress; she now runs a pub-restaurant in north London.

Shakespeare brings us to Donald Sinden, faintly redolent of Falstaff in whatever he does (who's complaining?). He is the principal pleasure in *The Hollow Man*, a nifty Radio 4

adaptation of John Dickson Carr. Sinden's evident relish as the sleuthing Dr Gideon Fell is infectious. Enyd Williams's production has a sense of style and period – and self-enjoyment, which does not mean self-indulgence. Compare and contrast with *Enid Blyton's* *Casno*, another whodunnit, with as much period feel as an old (or rather new) boot and no more buoyancy than a drugging chore.

John Clifford's gently haunting *Writing Home to Mother* on Radio 4 was inspired by the author's grandfather – officer class (though only the elder son went to Eton; Wellington for the younger), a slight come-down in the Indian Civil Service, a philosophical death among Kurds in Persia. The play captured the paradox of the well-meaning desire to serve of so many imperial expatriates, torn between love for some alien sky and an increasingly mythic England.

Fair, sensitive, beautifully acted by Richard Greenwood, this was another of the many fine Edinburgh productions by Patrick Baynes.

To the father in *B4's The Coroner* identifying the body of his 11-year-old son four years after the murder of his elder boy it was far for the course. An older man, deserted by his wife, with two more kids to bring up, Mr Shoemith wasted no time on tears. The need to survive emotionally made him stoic. "The first time's the worst," he said. "I knew this was coming." The police allowed themselves a shiver.

"It's a very cold word is the word mortuary," said WPC Kate. "The grave's a fine and private place and I am glad we have not neaten the language too much to say it."

Martin Hoyle

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# Triumph for Britain's best-dressed

Others meet with unanimous acclaim. Kristin Scott Thomas, for example. "She fits all our criteria," says one committee member. "She obviously cares about fashion, makes an effort with her appearance, and has an elegance and individuality that sets her apart." She is also, thanks to *The English Patient*, in magazines, newspapers and TV shows everywhere, and thus in a position to exercise a kind of trickle-down effect on fashion; to convince legions of young

This is in contrast to actresses Winona Ryder and

\_\_\_\_\_

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains.

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## MOTORING

# Charged with assault on the battery

The two-system hybrid looks like ousting the concept of the all-electric car, writes John Griffiths

The first electric car I drove was a Renault 10 developed by Calgary Power in the late 1960s. Its maximum range was 20 miles and its enormous battery pack redefined the term "heavy".

Had the brakes failed on 8th Avenue, the car might have cut a new trail through the Canadian Rockies clear to the Pacific.

David Fishlock, former science editor of the FT, has vivid memories of battery cars, too: of a winter's night in southern England while testing the 1970s Enfield city car, knocking on the door of a rural house with recharging cable in hand and pleading for a "top-up".

As I recall, he wasn't actually arrested.

Things did get better: at 1990's world electric vehicle symposium in Hong Kong there was a battery-powered Peugeot 205 which managed just - to out-drag a bus.

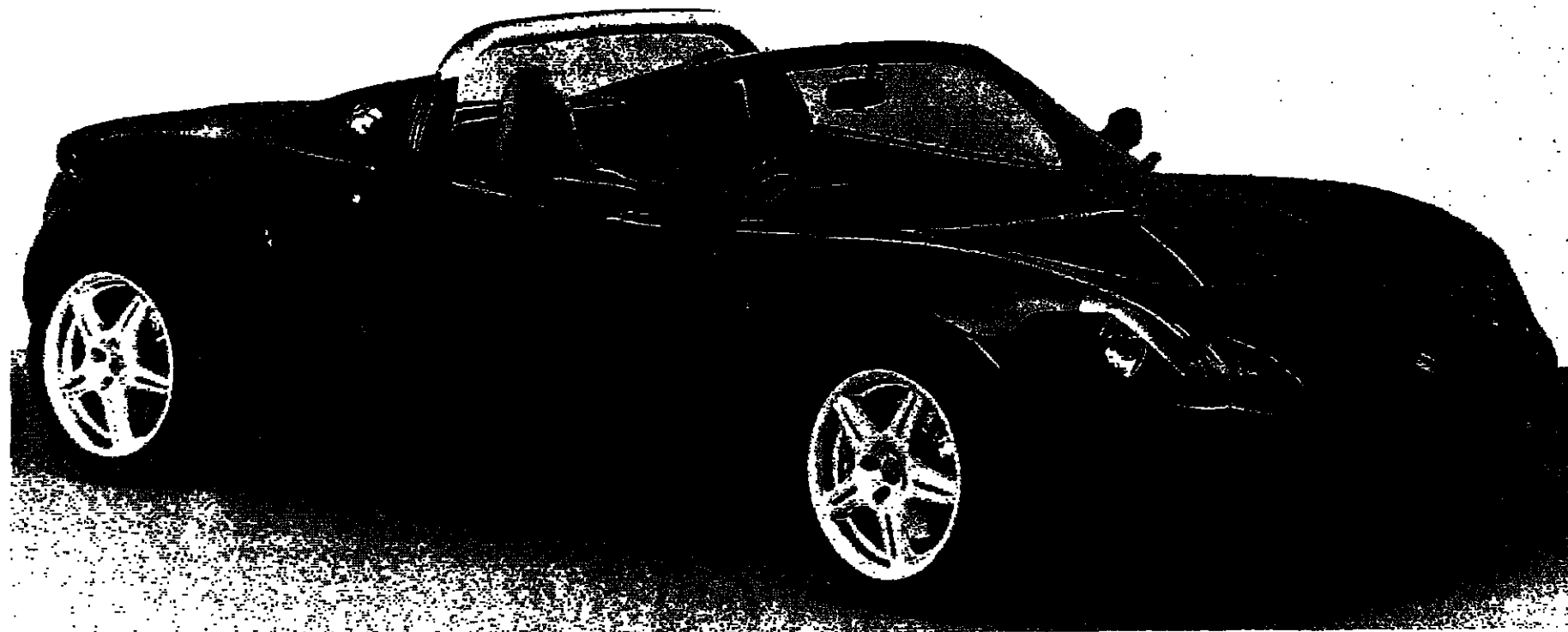
Those of you who know Hong Kong bus drivers, will also know that this was progress.

In the mid-1990s I drove a thoroughly amiable and fully traffic-compatible battery-powered Peugeot 106 as part of a full "EV" (electric vehicle) trials programme in the French coastal town of La Rochelle.

And as of the past few weeks, it has become possible to rent a developed version of that 106 as part of a trials programme in the UK Midlands city of Coventry. Should you live in California, you can also now lease but not buy - for nearly \$500 a month - a General Motors all-electric car called EV1 to help alleviate LA's notorious smog problems.

A Honda EV, the EV-Plus city car, will go on sale next month and so will the EVs of several other makers.

So, after almost exactly 100 years of being claimed by its proponents as "just around the corner", is the nice, clean battery-powered car, humming along without a whiff of polluting exhaust smoke, at last poised to clear



Electrifying: Zytec is developing an electric Lotus Elise with close to supercar performance

urban skies and spring "Greens" from some of their hardest environmental labours?

Developments this week at Toyota, Japan's largest - and the world's third-largest - car maker suggest that it is getting there. But, if Toyota rather than GM or Peugeot has got it right, it is not in quite the manner that many might have expected.

What Toyota intends to do is put into commercial production, before the end of this year, a family car with two drive systems: one, a conventional 1500cc petrol engine, the other a system comprising electric generator, electric motor and batteries.

While Toyota is sketchy about details, it is expected that in urban areas the car will run on battery power alone.

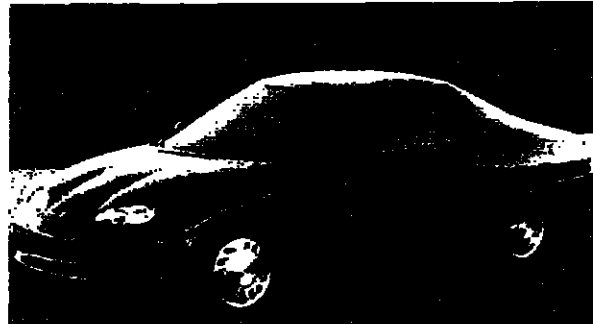
On the open road, where exhaust pollution is not such

a contentious issue, the petrol engine will provide perfectly acceptable highway performance while simultaneously recharging the electrical power system's batteries.

There is an additional engineering "tweak": use of the petrol engine, which still can't help emitting the carbon dioxide blamed for global warming, will be further minimised by "regenerative" braking - converting the energy normally lost through braking back into electrical energy stored in the batteries.

Essentially, however, the "hybrid" solves at a stroke the fundamental problem which has plagued EVs from the start and persists with them all: restricted range, of 50-100 miles, and the lengthy period normally needed to recharge batteries.

Toyota, however, has not displayed lonely genius in



Innovative: GM's EV1 offers low mass and affordable cost

coming up with the hybrid concept. It has been around for several decades and has been developed, in various forms, by the R&D departments of almost every key car maker.

One new variant, from Ford, is described briefly by colleague Stuart Marshall on this page.

Some employ a much smaller engine running at constant speed, merely

to keep batteries charged. Others allow the petrol engine to run simultaneously with the batteries, providing enormous "punch" for overtaking.

One of the most intriguing approaches is that of Compaq computer boss Ben Rosen and brother Harold, who have founded a California company to develop cars powered by a gas turbine driving, via electric

motors, an energy-storing flywheel. Around town, the car runs on flywheel energy only; on the open road, the turbine cuts in to keep up the flywheel's energy store. The brothers claim the energy stored will allow "supercar" performance without restrictions on range.

The really significant breakthrough by Toyota, however - if the reality matches the hype - is to cut the cost of putting two alternative, each highly complex, drive systems into one vehicle at a price that consumers might actually be able and willing to pay.

Toyota said this week that the price of the car would not be "significantly" above that of a similar conventional model - although its suggestion that the price should reflect the car's much reduced petrol consumption indicates that the gap might

be still substantial.

If Toyota, which is world-renowned for its cost-effective "lean" manufacturing techniques, really has come up with the goods, then the shock to rival manufacturers would be commercial as well as electrical.

Cost has always been the big stumbling block with the hybrid, and from which every manufacturer hitherto has shied away. Even Ford, with its new P2000 hybrid prototype, talks of the year 2005 at earliest for production.

Such cars could be a boon in Europe, where traffic restrictions are proliferating in pursuit of improving air quality.

Coventry's electric Peugeot trials, to be part of a wider European environmental "clean" car trials programme, provide a cleaner answer yet, but even its proponents acknowledge the

vehicles' role is confined to short-distance urban commuting.

In California, the problems are on a far larger scale. The state's Air Resources Board (ARB), which sets air quality targets for the beleaguered LA basin, is currently refusing to retreat further from its demands that big car makers must have 10 per cent of total sales in the form of "ZEVs" (zero emission vehicles, ie battery-powered) in the year 2002.

The Board has already had to back away from its original demand that 2 per cent of sales - or a total of more than 12,000 vehicles - should be ZEVs next year.

In vast and sprawling LA, one return trip across town would leave current ZEVs dead at the roadside. The "superbatteries" needed to give them really viable range are still a long way technologically out of reach and, in its heart, ARB knows it.

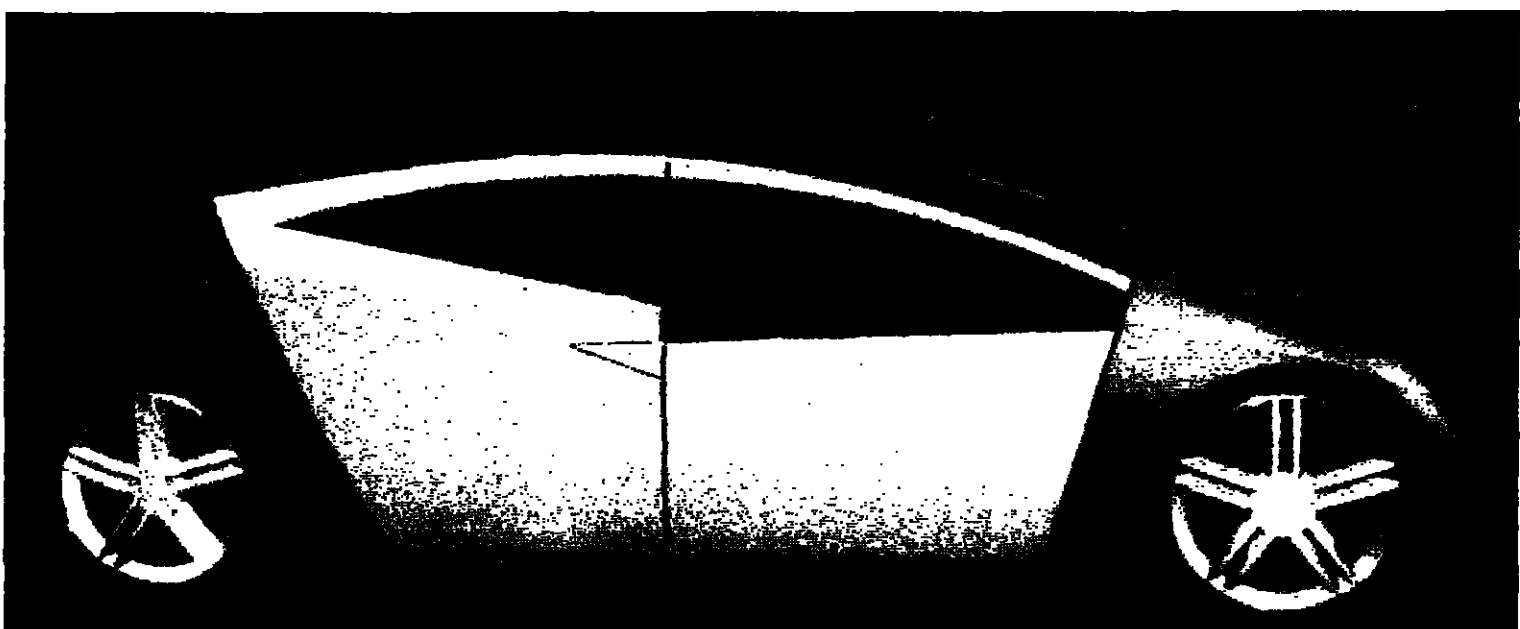
Every now and then, a buzz of interest goes through the industry at another battery electric car breakthrough, the latest involving Lotus, the UK sports car maker and Zytec, the British automotive electronics group.

Unveiled at the Society of Automotive Engineers Congress in Detroit in February, a prototype Lotus Elise two-seater sports car uses nickel cadmium battery packs and advanced lightweight Zytec electric motors to create a still fairly lightweight sports car - at 875kg - with 200 horsepower and claimed "supercar" performance.

Even Zytec director Bill Gibson, however, describes it as a "test bed".

Until the "superbattery" day dawns, or the other most promising long-term technology, the hydrogen fuel cell, arrives, the hybrid is acknowledged industry-wide as the nearest thing to a technological answer.

In a few months we'll know if Toyota has made it the commercial one, too.



Ford's P2000: the vision of a family car for 2005, powered by an ultra-economical turbo-diesel engine.

## Fuel-good factor for diesel

Stuart Marshall sees the friendly direct-injection diesel engine as the way ahead

The car engine of the near to medium-term future is the ultra-economical and environmentally friendly direct-injection (DI) diesel and, this time, it is not just me who says so.

Later this year, Ford will produce the first of a series of diesel-engined research and development vehicles. They will point the way to family saloons weighing only 80 per cent as much as they do today and potentially able to travel three times as far on every litre of fuel. They could be on sale by the middle of the next decade.

Ford's P2000 is a strange looking beast but tastes change with time. People would, I am sure, have jibbed at Ford's Ka only 20 years ago. And the first post-second world war Ford Consul almost frightened the horses. "Which way is it supposed to be going?" said the traditionalists, used to bunnies almost as long as boots, with squinty little boots tacked on behind.

The most significant feature of P2000 is its 1.2-litre, four-cylinder, direct injection, compression-ignition (diesel) engine made entirely from aluminium. One version will have a conventional five-speed automatic power train. Two others are to be hybrids, with the engine charging a traction battery so the car can be electrically propelled in town, motor driven on the

open road. Initially, the engine will run on normal diesel fuel but may later burn methanol instead.

Announcements at last month's Geneva salon de l'automobile proved Ford is not alone in looking toward a diesel-engined future. By far the most economical version of the radical Mercedes-Benz A-Class small family car, which goes on sale this autumn, will have a direct injection diesel engine.

Renault introduced a 1.9-litre DI engine that will give some of its diesel cars up to 17 per cent better fuel consumption than current models and improve their drivability. A Vauxhall (Opel) Signum concept of a possible Omega replacement had a 3.0-litre V6 multi-valve DI diesel, an engine likely to be used in Saab's next big car.

Fiat said it was going to produce a range of DI engines that would give its diesels similar performance and refinement to petrol-engined cars. (The first DI-engined diesel car to go into production was the Fiat Croma of 1988. When I drove one that year from Turin to Genoa I liked its performance and economy, even if it was gruff and clattery at town speeds.) Having led the way with the DI Croma, Fiat backed off: all its current diesel cars have indirect injection engines.

Rover bravely jumped into diesel cars with both feet; its first purpose-designed engine had direct injection.

It was exceptionally economical, but so unbearably noisy that for years it was judged suitable only for delivery vans. Not so today. After much development, Rover's own DI diesels in the 200, 400 and 600 cars (and also supplied to Honda for the Civic and Accord) are acceptably refined and bywords for performance and economy.

But VW Group is now leader in DI car diesels though GM (Opel/Vauxhall) is coming up fast on the rails. The turbocharged and intercooled four- and five-

cylinder DI engines used in all four VW marques - Audi, Seat, Skoda and Volkswagen - are so good that even performance orientated motor magazines often rate them better than their petrol engined counterparts.

VW Group has pushed PSA Group (Peugeot-Citroën) off its long held place at the top of the European car diesel heap. PSA diesels, all with indirect injection, are still as good as any - and better than most - for performance and refinement. But they can no

longer match the GM, Rover and VW direct injection engines for fuel economy.

DI diesels are going into PSA vans and minibuses this summer. It is a safe bet that Peugeot and Citroën cars will soon get new DI diesels which PSA has been developing for years - customer demand will see to that.

Most car drivers know diesel engines have no spark plugs. The heat caused by air being highly compressed between piston and cylinder head is enough to ignite the fuel when it is sprayed in. (Remember how hot the business end of the pump became when you blew up a bicycle tyre?) But few understand the difference between indirect and direct injection.

Put simply, an indirect injection (ID) engine's fuel is sprayed into a small antechamber alongside the combustion chamber. In a direct injection engine, the fuel goes straight into the top of the cylinder and the combustion chamber is no more than a depression in the top of the piston. Big, slow revving lorry diesels have always had direct injection. Only recently were fuel systems improved so that it was possible for small, high-speed car diesels to go DI, too. Development and sophisticated engine mountings then reduced the vibration and noise they made when idling.

The latest technology which all car diesels will eventually feature is what is

called - and please do not ask me why - the common rail system. Fuel is held in a manifold at enormously high pressure and fed into the cylinders by electronically controlled injectors. Combustion is more complete, the engine more responsive and fuel economy and exhaust emissions better.

The heated debate about particulate emissions from diesel cars might make one think them single-handedly responsible for everything from asthma to global warming. Yet there are particulates in the exhaust gases of both diesel and petrol cars.

Diesel cars in Britain account for only 1 per cent of the total. Most come from mundane things such as domestic central heating boilers. Modern diesel cars put less poisonous muck into the atmosphere than comparable petrol-engined cars, especially in stop-start traffic. Cleaner fuel such as City Diesel, which has only two per cent of the sulphur content of standard specification diesel and is used extensively in Scandinavia, widens the gap.

Supplies are limited because the industry has not geared up to produce it but City Diesel is available in Britain at 200 Sainsbury's and SavaCentre sites. A 2p a litre price premium reflects higher refining costs, but this should be halved when an excise duty cut is implemented by mid year.

## Squeezing the juice from a mixed bunch

All but one of the diesel cars I have driven this year have had indirect injection engines. The exception is the Vauxhall (Opel) Vectra TDI estate which I have only just begun to get to know.

They have been a mixed bunch with one thing in common - the ability to squeeze 25-30 per cent more miles from each litre of fuel than one might reasonably expect from petrol-engined counterparts.

The Mercedes-Benz E-Class estate with five-speed automatic transmission I drove to Geneva was the first in Britain with a turbo-diesel engine and right hand steering.

Although virtually new - and all diesels need a few thousand miles to loosen up - this big car returned better than 29mpg (101/100km) over 1,400 miles (2,250km). It was cruised at 80mph/130kph (well, just a bit more now and again) on the autoroute, crossed the Col de la Faucille twice, spent several hours in Geneva and London traffic and was driven home from Calais piled high with cases of wine.

The naturally aspirated (non-turbocharged) E-Class diesels are no slouches but are stayers rather than sprinters. Adding the turbo-charger boosts standing-start acceleration and, more importantly, dramatically shortens overtaking times. Equipped to senior management standards, it costs over £35,000 key in hand. Should I win the lottery, I would order one tomorrow. I really must start buying a ticket.

The Renault Laguna 2.2-litre, 115 horsepower TD Executive hatchback was a more affordable £20,295 and would, I thought, be a good choice for a high mileage business user who dislikes refuelling stops. Exploiting its massive pulling power from 2,000 rpm to minimise gear changing, I managed 48mpg (5.8/100km) on one journey. It fired up from cold after only three seconds of pre-heating and performed with a petrol engine's vigour and refinement. As a car it felt solid, rode well and had notably

light steering. I liked the comfortable leather seats, the steering column, radio controls and headlamp elevation adjusted from the fascia. The boot took two sets of golf clubs and two trunks. A Peugeot 406 2.1-litre TD estate awaited my return from Geneva. Its 110 horsepower, 12-valve engine is also used in the automatic Citroën XM, though Peugeot does not offer a two-pedal 406 diesel - a great pity.

At 4.73m (15ft 6in) the Peugeot was not much shorter than the Mercedes-Benz and its load floor almost as capacious. At low speeds on poor roads, the ride felt uncharacteristically firm when running light.

Should I win the lottery, I would order an E-Class diesel tomorrow

But elegant handling and roadholding made for fun trips on minor routes, even when heavily laden. High gearing - 27mph/43kph at 1,000rpm - made motorway running relaxed though, for the even third gears, were needed for slow driving through villages. At £22,295 a 406 TD Executive estate is neither cheap nor, for a diesel, particularly economical at around 38mpg (7.5/100km). An economy-conscious driver might see over 40mpg (71/100km). This is, though, a genuinely big, solidly constructed estate car.

When I drove the new BMW 5-Series Touring estates in Germany (this column, 15 Feb), the silky vigorous 2.5-litre, six-cylinder turbo-diesel with manual gears was most appealing. I am sure I shall like the TD automatic even more.

Finally, the Fiat Marea four-door saloon and Weekend estate, tested rather than tested in Ireland. Surfaces on the short stretches of motorway near Dublin are as good as Europe's best but on minor country roads, almost as bad as Europe's worst. The Fiats, which are smaller than, say, a Mondeo or Laguna but bigger than an Escort or Renault Mégane, rode them without flinching. Most impressive were the 124 horsepower, 2.4-litre, five-cylinder turbo-diesels, which should give around 37mpg (7.6/100km), have close to GTI performance and cost £15,415 (saloon) and £17,492 (Weekend estate).

Stuart Marshall



Gateway: Fiat Marea Weekend TD125 HLX Estate - 5-cylinder turbo-diesel with near GTI performance.



## TRAVEL

# Ukraine

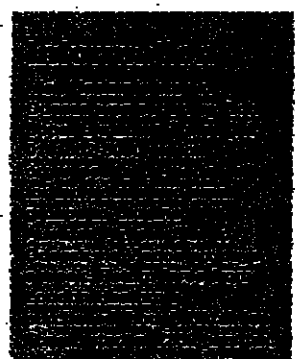
## Take the trolley bus to paradise

Nick Haslam enjoys the spirit and vitality of Odessa in three pages of travel focusing mainly on eastern Europe

Odessa is a city of immediate and seductive charm. In the August noon-day heat, hardly a soul stirred. Wide cobbled boulevards reflected back the leaden glare of the sky, and in the empty pavement cafes, waitresses sat in the pools of shade cast by sun umbrellas, idly fanning themselves with menus.

I would have given my eye teeth for a cold beer, but hurried to keep up with Alex. A man of vibrant energy, he set a fast pace, gesticulating and laughing as we sped like a tornado through the drowsy streets. He had just published a book on Odessa, and he talked of the city as some would of a new lover, dwelling on the turbulent character and the wit of its people, which came, he said, from a unique blend of Jewish and Cossack humour.

"My city has an Italian, French, German, Russian, and of course Ukrainian story," he said, as we dodged one of the rare trams. A fervent Ukrainian nationalist, Alex was vehemently critical of those who blamed the dire state of the Ukrainian economy on its separation from Russia in 1991. "With our glorious past," he said, waving at the crumbling but elegant Art Deco facades of the



Taking a break from the military march bandmen in Odessa

19th century blocks ever us. "Of course the Ukraine can stand alone."

Odessa's stylish centre was designed by a Frenchman, the Duc de Richelieu, who had fled to Russia to escape the guillotine in 1793. Under his governorship, the port grew quickly, and the city became a major trading centre on the Black Sea. A tax free zone brought commerce from all over Europe, a thriving Jewish community developed, and by the end of the 1890s, Odessa was the second biggest Russian port, exporting thousands of tons of grain from the rich Ukrainian steppes.

We crossed a wide street, and Alex paused, pointing out the old foundations of the city walls. In the 19th century, this marked the limit of the tax free zone. Beyond lay the Moldovans, a

sprawling district of narrow streets and houses clustered around courtyards. The artisans and workers who built Odessa and laboured in the port had lived here, and the quarter seemed little changed today.

Alex grew up in the Moldovans, and although he now lived in one of the better suburbs of blocks which ring Odessa, he mourned the sense of community of the old district. We walked down a narrow street, smelling strongly of drains, to the courtyard of tiny houses, roofs patched with tar paper, where he was born.

I was shown the communal lavatory, the open shower, and the one tap. "This was model housing in the time of the last Tsar," said Alex, "but people are still living here." The house was now rented out, but we

knocked on the door, and were allowed in. There were three cramped rooms, and a central pillar of polished wood showed the notches cut by Alex's uncle to mark his growth over the years.

Here, he had passed the first 18 years of his life, with seven other members of his family. "I know it sounds ridiculous," he said, "but they were the best years we all talk about."

In the cool of dusk, we had a beer in a workers' cafe. Men counted out a handful of notes on to the zinc-topped counter, silently downed their glasses of vodka, and left.

Life is hard now in Ukraine. Inflation, industrial collapse and unemployment have cut deep into people's lives. "But do you see people hungry?" said Alex with a smile, patting his little

paunch. "We all survive, but God only knows how."

The next afternoon, I strolled along an elegant tree-lined boulevard above the port. A bust of Pushkin, who had spent a year here as a

young American conductor, is gaining an international reputation. Below, the mirror calm Black Sea stretched away to the horizon. But in the port an uneasy silence reigned. The many cranes static and the docks empty of shipping. Only at the principal wharf was there any sign of activity. A long procession of men, stripped to the waist, were unloading a passenger ferry just in from Istanbul. The car decks were stacked to the bulkheads

with a bizarre cargo of tampons, soap powder, fruit juice, ironing boards and videos. I watched hundreds of cardboard boxes pass under the disinterested gaze of two customs men, straight for delivery to the markets. It was ironic to think that the port, once the source of Odessa's wealth, was simply a conduit for cut-price goods from Turkey.

But the rich are still there. In a shoe shop, on Deribasivska Avenue, the main street in Odessa's centre, a bevy of slim shop girls hovered around a hard blonde woman of a certain age, who dickered over a pair of Italian stilettos with a price tag which would have made any western shopper blanch.

Around the corner, engine running, a large black limousine awaited. One smoked window briefly slid down,

and a disembodied hand proffered a wad of notes to a group of street children who ran off whooping with joy. Odessa is one of those few places where you can take a trolley bus to Arcadia. Not quite the paradise of Greek mythology, but the most popular of the many beaches which fringe the city. With a group of friends I strolled along the prom. Below, on the beach, there was hardly room to lay a towel, as most of Odessa's 1m-strong population seemed to be lying spreadeagled in the hot sun.

In spite of a notice warning that the water was dangerously polluted, the sea was dotted with swimmers. There was, in the air, a determination to enjoy. Somehow, I thought, it would take more than the economic doldrums to crush the spirit of this vital city.

**A notice warned of pollution, but the sea was dotted with swimmers**

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## TRAVEL

## Czech Republic

# The country of castles in the sky

James Henderson explores dreamy woods and uplands, as mysterious as the Middle Ages

If there were a stereotype of the exotic, it would surely be warm, probably tropical, momentarily familiar and yet alluring and mysterious. Most importantly, it would have an ever-present promise of something utterly romantic.

Hardly the Czech Republic in a cold snap. But exotic it was – the warmth excepted, that is – even last month, when the hawthorn branches were stacked with 3in of snow.

So much is familiar, of course. Baroque churches with their green onion domes stand proud and tall, speaking loudly of central Europe; and they build their castles in the sky, familiar and yet somehow flighty, their turrets so fanciful and magical.

But then there is the language. Germanic has crossed into Slav. The orthography may be customary, but the Czechs make it do unspeakable things. Letters stack up in tortured combinations and unaccustomed accents put them through gymnastics. As I drove, warnings and advice sat, taunting and inscrutable: *Pozor Flak, Vstup Zakazan, Pizensky Prazdroj*.

But the Bohemian woods and uplands were somehow dreamy, as mysterious as the Middle Ages. Fairy-tale castles really did rise out of the mist. Then it came upon me, that unaccountable, illogical feeling of optimism, the feeling that around the corner something wonderful was about to happen.

I visited three Unesco-listed towns, in a large circle

around Prague. The first was Kutná Hora, an hour east of the capital, which in the 14th century was the kingdom's second town, when a silver rush led to a Czech golden age.

It was here that they mined the Prague *gros*. In the Vlasový Dvůr (the Italian Court) you can still see the silversmiths' alcoves cut into the wall and it became a starting-like standard for the Middle Ages, making the

**The water was sheer as gun-metal, etched only with the reflection of a former monastery**

Czech King, Václav II, one of the richest in Europe. Later, when the standard of the *gros* did drop, they relaunched with another coin, the *Joachimstaler*, the last five letters of which have given us the 20th century standard, the dollar.

Kutná Hora is laid out on a higgledy-piggledy hillside plan, a response to the mine-works underneath. Above cobbled streets and colonnades stand the brightly coloured and carved façades of the patrician houses (and just a few concrete intrusions from the communist era). The late gothic Kamenný dum, the Stone House, shows its riches in

floral finials, sculptures of saints and jousting knights, and beneath them, in a sub-stratum, friezes of miners.

But the finest sight in the town is St Barbara's Cathedral, approached along a ridge-top "bridge" lined with baroque statues, not unlike Charles Bridge in Prague. The three cathedral towers rise in graceful curves like a trio of Ottoman tents, topped with golden balls.

Inside, in spite of a semi-permanent crepusculine of tickling coughs and shuffling feet from a group of German schoolchildren, there was calm enough to admire the frescoes in the side-chapels dedicated to winch-operators and miners.

It is one of the fun parts of the job to look out for national stereotypes when travelling. I made an impromptu survey over a beer or two. "So what are, who are, the Czechs?" I quizzed an acquaintance.

"Oh, the Czechs are moody and they're always complaining," he joked. "The beer-glass..." – and the Czechs are unlikely to be confirmed beer drinkers (I once went to the country to follow up just two words: Budweis and Pilsen) – "...is always half empty."

But they are artistic and creative too. "Lots of writers and musicians," he said. (Almost Bohemian, it occurred to me, although in fact the Czechs do not use the word and the wild life-style it implies is a literary label from the last century.)

The Czechs are punctual and hard-working and it is



Cesky Krumlov, near the Austrian border, sits on an S-bend of the river Vltava

worth remembering that before the second world war Czechoslovakia was among the 10 richest nations in the world. It seems as though their time will come again.

Another of Václav II's actions in the 14th century was to clear up the robber barons of the Bohemian uplands, allowing traders to travel safely and forge their routes through the centre of Europe. Fortified towns clustered at the key points and became markets.

And so to Telč, 100 miles south, just inside Moravia. As I drove, the countryside heaved, over hills topped with woods of pine and fir, and then sighed, dropping into hollows where farm buildings and deciduous trees clustered around lakes. So far from the sea, fish

ponds were a vital source of food and they were perfected as boggy land was drained or dammed to create them.

Telč itself seems to rise out of a lake. In the calm wintry grey the water was sheer as gun-metal, etched only with the yellow of the former Jesuit Monastery hanging in reflection and scratchy, leafless trees.

Suddenly there was that feeling again; that unwarrantable, totally irrational feeling of optimism. I wandered around Telč with a fixed smile and wide eyes.

Sixty perfect baroque façades sat cheek by jowl on a huge, wedge-shaped square – russet offset with yellow, green on beige, white on royal gold, with *trompe-l'oeil* stone-work and graffiti

designs and topped with crenellations, stepped gables, cherubs and outside decanter stoppers. Windows stared, their lintels curved into raised eyebrows, and the rounded archways of the colonnade beneath stood like so many toothy gaps.

It is in the colonnades that today's marketeers have congregated. Only now it is not the traders, such as those five centuries ago. The 20th century's flood of people, tourists of course, has begun again in earnest.

From Telč I moved to Cesky Krumlov in the far south of Bohemia, close to the Austrian border. The town sits on an S-bend where the river Vltava, which later passes through Prague, snakes through a gully.

The tight circular streets are dominated by a massive castle on the high ground. It was started by the Rosenbergs in the 13th century – the stone rose, their symbol, appears all over the town – and was developed into the 19th by the Eggenbergs and Schwarzenbergs.

No doubt the castle was a foreboding place in the Middle Ages – bears are still kept in the moat – but now it has taken on a glorious rust of antiquity, its gothic courtyards with their 16th century frescoes and its baroque rooms, stucco ceilings and whole walls hung with tapestry are open to all comers.

Detailed records left by the Schwarzenbergs mean that many rooms are restored exactly as they

were two centuries ago and more. My favourite was the Masquerade Hall from 1748, where all the characters from the *commedia dell'arte* are painted around the walls, painstakingly copied from their period originals: Scaramouche and Harlequin emerge from the wall.

I suppose the notion of that impossibly romantic moment must have been like chasing tomorrow – as I headed towards it, it kept receding around the next corner.

■ **The Czech Tourist Authority** can be contacted on 0171-291 9920.

■ **Czech Airlines**, which has two daily flights between London Heathrow and Prague, can be contacted on 0171-255 1898.

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## update...update...update...

## BY THE BOOK:

Travellers to cities from Prague to Novosibirsk should equip themselves with a free Go East booklet from Lufthansa (0345 252 252 in the UK). It gives advice on 18 of the east European countries the German airline flies to, including names of hotels, car hirers and restaurants and visa requirements. Because much of the region is volatile (the Albanian entry now looks optimistic), Lufthansa follows up by sending quarterly bulletins containing updated advice and tips – for instance, that in Hungary, "half nine" means 8.30, not 9.30.

## COAST CLEAR:

Is "war-torn" the only adjective to be attached to Croatia? No, insists the Croatian National Tourist Board. The beautiful walled town of Dubrovnik was attacked five years ago but has been restored; there are still some repairs to be done in the northern town of Zadar; but the war is over and reporters from the fighting in Bosnia used to come to the Croatian coast for relaxation. Thomson and Club Med are among the many travel companies that have returned.

## ESTONIAN AIR

(0171-333 0198) is offering a return business fare between the UK and Estonia of only £850, down from the usual £1,032, and a return economy fare to Tallinn of £230 for stays ranging from one Saturday night to a month. Advance booking not needed. Flights leave Gatwick daily except Saturday.

## WATCH YOUR

WHEELS in Estonia – car theft is a growing problem, reports the UK Foreign Office. Summer visitors to forested areas should seek medical advice about tick-borne encephalitis. And in Hungary, beware pickpockets around railway stations.

## NATURAL POLAND:

As Poland tries to promote itself as a "natural" destination, Fregata Travel (0171-451 7000) has introduced two holidays for nature lovers. Eight-day

Nature Tours based in Białowieża take visitors into the nearby forest, home to lynx, beaver, wild ponies and bison. Six-day birdwatching tours go to the wetland and forest region of Białystok, where 170 species breed or migrate. Prices from London begin at £479 and £389 respectively.

## LEV LEVY:

Bulgaria has introduced road tolls for foreigners – but, warns the Foreign Office, collection may be arbitrary as there are no toll booths. Drivers should carry dollars or D-Marks.

## MIDSUMMER NIGHTS:

There are no midsummer upgrades to business class, in fact. Cox & Kings (0171-873 5006) is offering a four-night holiday (June 21 to 25) to see the White Nights Festival, with tickets to the Hermitage and Catherine the Great's palace, and the Kirov Ballet on request.

## RIAR Latvian airline

promises automatic upgrades to business class, subject to seat availability, for all full-fare economy passengers flying between London and Riga. Call 01293-835727.

## TOURIST CYCLE:

The East of England is to be the country's cycling capital, according to the regional tourist board (phone 01473-822922). Gentle landscape ("Very flat, Norfolk"), little-used country roads, village pubs and local landmarks are seen as its attractions for Britons and foreigners alike; the award of £42.5m from the Millennium Commission to build 2,500 miles of national cycle network by 2000 is the spur.

Dedicated cyclists may like to visit the new National Cycle Exhibition, now open in the restored art deco Automobile Palace in Llandrindod Wells daily between 10am and 4pm; call 01597-825531.

For those pedalling further afield, France has never offered much for vegetarian visitors, but Cycling for Softies (+44 0161-248 8282) says 90 per cent of the hotels it uses on its half-board holidays there

will provide meat-free meals on request. To make sure they do it properly, it has invited chefs to vegetarian workshops.

## ETHIOPIAN EASTER:

Want to relive 1889? You can in Ethiopia, which trails eight years behind the Gregorian calendar used in the west, despite having an extra month of five days. Silk Steps (0117-940 2800) offers 13-day tours for around £1,400; try taking one over the Ethiopian Easter – Easter Sunday there is April 27.

## WHAT'S AFOOT?

The Time Out Book of Country Walks, published this month, lists a walk for every week of the year, most about 10 miles long and an hour from London by train, chosen for their beauty and the proximity of a pub for lunch. Buy it for £9.99 from 0181-208 2853; the publishers hope it will help the British and tourists meet one another.

## AIDA DE LUXE:

See Aida at Queen Hatshepsut's temple in Luxor, Egypt, from October 12 to 17 this year, performed by the Cairo Opera House, which commissioned it from Verdi. This marks the 125th anniversary of the premiere and the 75th of the discovery of Tutankhamun's tomb. Aprile Millo and Wilhelmina Fernandez share the lead role. Call +20-2-341-7314.

## LOOK INSIDE:

New in Leeds, the Thackray medical museum, Europe's biggest. Watch amputations without anaesthesia; try on an empathy belt to see what it feels like to be pregnant and bump into things; investigate leeches; walk through a large intestine. Next to Jimmy's hospital: 0113-244 4343.

## INTERNET INTERLUDES:

Too busy to read papers? Shame. But thanks to a free Great Breaks by E-mail service, UK internet users can now register a personal profile on their web site, and will then receive details of properties to suit their preferences for short breaks. On offer, for instance: a Jacobean

four-poster at 15th century Ashworth Court, Gloucestershire, 300 yards from last year's "unspoilt country pub of the year" award winner. Find it at [www.breaks.co.uk](http://www.breaks.co.uk). If you want to swap homes for the holidays, <http://www.homeswaps.com> is the site, quicker and cheaper than books.

## FIN DETAILS:

A shark sells to a Maldives fish market for \$32; it could make \$33,500 a year from tourists coming to see and photograph colonies of sharks. Asia-Pacific tourism ministers meeting in the Maldives gave this as one reason why they agreed to adopt the goals of the Rio Earth Summit for the tourism industry, as a means of protecting the environment.

## DRAGON BOATS:

Legend says the 2,000 islands in Vietnam's Ha Long Bay – a Unesco World Heritage Site – were created by dragons scattering gems. Go kayaking among them with Mountain Travel-Sobek (+44 01484-448901), see floating villages, visit Hanoi and watch out for dragon droppings.

## YACHT too small?

Hoseasons (01502-501 010) offers pine log houseboats with balconies on the Norfolk Broads and elsewhere.

## VIRTUAL Grand

Canyon tour is offered on First Choice tour operator's website – find it on [www.first-choice.com](http://www.first-choice.com)

## SMALL BEER:

Oriando airport, Florida, is to acquire a microbrewery.

## BRIGHTON Arts Break

hotline (01273-282592) arranges short breaks and tickets during England's biggest arts festival – May 3-25 this year.

## GREENLAND

dog-sledding: Follow the huskies on five-night holidays with Arctic Experience; 01737-218800.

## EXPLORE Trader sells

nifty travel gadgets – bath plugs, money belts, door locks; brochure free from 01252-316016.

John Westbrooke



## TRAVEL

## Mecklenburg-Vorpommern

## A princess in rags who is worth a visit

David Boggis goes to Germany's least well-off state but finds it full of ancient charm

The past is alive and well in Mecklenburg-Vorpommern. Only since reunification in 1990 has this north-eastern corner of Germany been allowed to resume calling itself Western Pomerania - the rest of the traditional province of Pomerania lies in present-day Poland - and it is unknown country not only to non-Germans but also to many of the Mecklenburgers and Pomeranians' compatriots in the west and south. To visit the place is to travel back in time.

This is a region where ancient, once patrician gables peer down on to narrow, cobbled streets, ill-lit by night where half-timbered brick cottages are encased by carved, painted and paneled old oak doors where migrant geese form flocks the size and density

of a Zeppelin over the gentle undulations of the endless landscape; and where, in the fields, you can see small herds of cattle being milked by hand.

Coming from Hamburg, M-V - as its friendly official style it - starts a bit to the east of Lübeck. Coming from Berlin, you drive north through a chunk of Brandenburg first. Directly west from Warsaw, it is the first bit of Germany you get to.

Its administrative capital is the ancient coastal town of Schwerin, a medieval city of crooked alleys and lofty

spires jammed in the middle of a maze of reedy lakes dating back to the last ice age. In the 1950s and 1960s, the German Democratic Republic decided this sleepy farming community was just the place to site its heavy industry. Mistake.

The factories, foreign to the region from the very outset, collapsed in the wake of deindustrialization and are now derelict.

Schwerin today is a princess in rags. With its cathedral, its castles, its 19th-century castle built out into the lake, and the interlock-

ing, tree-lined squares of its centre, it clings proudly to its culture - the town has its own theatre and ballet companies, and orchestra - but its outward streets show buildings in the same state of dilapidation as throughout former East Germany.

"With reunification, Rostock got a university," one Schwerin official told me wryly. "We got the state administration. A lot of us feel it should have been the other way round."

Historically, the official was fact. Schwerin, the ancient Hanseatic city that used to

be the GDR's biggest port, has had its university since 1419.

Today, crossed between academe and industry is as strong as ever, with the university working hand-in-hand with the city's business leaders to revive an economy that was hit harder by reunification than by the Allied air raids of 1945 that knocked Rostock harbour out of action for the rest of the second world war.

Rostock has the ugly beauty of a city reeling a courageous struggle for economic survival. It is used to

being commercially important. Like Hamburg and Kiel in the west, it was part of the Hanseatic League, the "common market" of the 14th and 15th centuries that reached from Riga in the east to Yarmouth and York and from Bergen, Norway, as far south as Dusseldorf, in present-day Belgium.

In GDR days, Rostock's shipbuilding and ship-repair industries rivalled the university as the town's chief employer. Today, the university employs more people than the city administration, while the port - after

near total collapse in the wake of currency reform - is fighting to put itself back on the map.

Two hours down the narrow Landstrasse brings you to Stralsund, Rostock's sister Hanseatic town. There the huge churches dominating the Baltic skyline tell of a vanished mercantile prosperity. Stralsund inhabits a time warp. Cobblestone alleys lead the visitor under

haughty gables to courtyards that give access to an ancient apse or a traditional inn or else simply a pot-holed space turned into

a car park. It was never built for cars, and the wise motorist parks outside the walls of the Old Town.

All too commonly, the courtyard off the cobbled alley gives access to a ruin. Mecklenburg-Vorpommern is Germany's least well-off state, as the condition of much of the medieval architecture bears witness. Local activists are fighting to save the Old Town while it is still standing.

Much of the charm of Germany - all of Germany - lies in the regional character of its towns. All are different, and in old East Germany no less so than anywhere else. You can eat genuine local cooking, different in every town; and most towns have their own brewery.

This is *Kennersdeutschland*, Germany for the connoisseur.

## St Petersburg

## A glorious city starts to re-emerge

John Torode finds all the Russian spontaneity he can cope with after the years of Soviet repression

Some iconoclast has dared to have a half brick through the great stained glass window of the Museum of the Great October Socialist Revolution.

More revealing still, no one in what was once called Leningrad can find the enthusiasm to effect repairs to that Soviet Holy of Holies.

The huge blood-red central panel, showing Lenin, cap on head, long overcoat flapping as he leans towards the crowd, survives intact. But the adoring workers and soldiers look the worse for wear. So does the museum itself, in a neglected villa in which it is claimed Lenin lived during the early days of the Soviet dictatorship.

The purpose of this dusty jumble of Bolshevik relics, guarded by archetypal hatchet-faced Soviet cronies, is no longer clear. For example, the authorities have insisted that alongside the memorabilia of Lenin and Stalin (and Comrade Brezhnev's Sunday suit) there should be an incongruous case containing the remains of a *Gulag* prisoner (as heart-rending as those fearful striped pyjamas from Nazi camps). There are also pictures of mass burials. Prisoners were forced to smash the ice and dump their dead comrades in the river.

Nowadays it is made difficult for the visitor to find this politically incorrect museum with its pleasantly overgrown gardens. But it is worth persevering, for it will surely not survive long. The surprising thing is how many triumphalist Soviet artefacts do survive in St Petersburg.

Even the appalling Dzerzhinsky, founder of what became the KGB, is still on his perch. The most spectacular statue of Lenin stands outside the government offices on the Moskovsky Prospekt, a mile or so

before the overwhelming Victory Monument, which celebrates the breaking of the 900 day Nazi siege of the city in 1944. From its great underground hall of the dead (a solemn, secular, temple, all bronze and subtitled lights, which might have been designed by Albert Speer) to its overgrown statues of socialist realist workers and soldiers, heroically helping one another in the struggle against Hitlerism, it remains world class.

I also made a pilgrimage to the sprawling but lower-key Piskaryovskoye Memorial

**Another symbolic spot worth visiting is the Smolny Institute, once the Roedean of Russia**

Cemetery. It is intensely moving to wander among the endless rows of identical grass-covered oblong mounds fringed simply by a concrete headstone bearing a year and possibly the name of a suburb. Each contains the remains of 10,000 Russian citizens who died during the siege.

Solemn music wafts quietly from concealed speakers. On the edge of the cemetery are overgrown birchwoods, containing simple, individual graves reserved for those who survived. Relatives were allowed to choose whether to have a cross above the grave or a constructivist-style tripod bearing a Soviet Star. The overwhelming majority had dared to choose the cross.

Another symbolic spot worth visiting is the Smolny

Institute, once the Roedean of Russia. The first Soviet seized the building in 1917 and made it the headquarters of the Revolution. This elegant structure set in spacious grounds alongside the river Neva is the office of St Petersburg's reformist mayor.

I have just spent a long weekend in St Petersburg on a package organised by Intourist, a state which, a decade or so ago, would have been regarded as worse than death. Today, Intourist provides a friendly and efficient, low-cost introduction to a laid-back city which will, within a couple of years, rank with Prague and Dresden as one of the glories of post-Communist Europe. The capital built by Peter the Great with the aid of some of the greatest European architects of the 18th century, is a stunner and the chaotic contradictions of post-Communism are fascinating.

Restoration is proceeding apace and endless baroque palaces are emerging from decades of contemptuous neglect to glow gold and white and turquoise and lime green in the most powerful sunlight the city has seen in a quarter century.

Glowing, too, and back in use, are those over-the-top, onion-domed Orthodox cathedrals such as St Isaac's, a museum for 70 years, and the monumental Church of Our Saviour of the Spilled Blood, erected at the spot on which Alexander II was assassinated in 1881. The glorious, colonnaded neo-classical Kazan Cathedral, once the Museum of Atheism, will shortly open for worship again as will the city's unexpected mosque, with its splendid blue-tiled dome and minarets.

It was built 200 years ago by trades from central Asia. As you wander along the Nevsky Prospekt you will pass a secure churchyard boarded up since the Revolution.



Palace Square, St Petersburg: 'On the streets, you will usually be ignored or treated with heavy courtesy'

Shop inside and wander at the craftsmanship of these working on the gradual restoration of murals and frescoes.

Make a point of eating at the nearby Literary Cafe (in fact a fairly grand restaurant), the St Petersburg

equivalent of London's Café Royal in its glory days. It was here that Pushkin hung out, and Count Stroganoff threatened to shoot the chef unless he came up with something new and exciting in double quick time. And that, so they say, is how

Beef Stroganoff was born.

Today, as you wait and wait for your dish you could be forgiven for muttering similar threats. But sit it out, under the incongruous gilded, 19th-century metal trees which decorate the room. A good three-course

lunch accompanied by a swirl of sweet Georgian wine cost us less than \$20 (the usual medium of exchange) a head.

For far less you could sit on the restaurant's terrace overlooking the nearby canal, sipping Balika beer and eating smoked sturgeon

snacks. After lunch we hired a motor boat and driver for a cruise along the canals. It cost \$50 and the boat could have held six, which compares well with \$10 a head on the big official craft.

It was bliss to drift among the great buildings while our captain, Valeria, once a school rowing instructor, talked about the bad old days, and the realities of life in post-Communist Russia. You can pick up similar vessels on many of the 700 Amsterdam-style canals.

Along the banks of the Neva, on every tiny patch of sand or scrubby grass, locals were sunbathing. All the old Russian spontaneity, repressed under the Soviet regime, has re-emerged. Outside the Winter Palace, and the next door Hermitage Art Museum, an anarchic group hawked western cigarettes, T-shirts and those silly painted dolls from the boots of clapped out Ladas.

Lethargic dancing bears tipped quietly in the sunlight. A group of uniformed Cossacks, three men and a girl in national costume, sang lugubrious songs to an accordion. Elsewhere, serving soldiers in uniform had set themselves up as a military band and were playing for tourists who dumped dollar bills in an army cap. Nearby, five good old boys, billed The Different Jazz Band, pumped out excellent trad. A decade ago they would have gone to jail for parading their love of such decadent Western trash.

Muggers and mafia are, alas, the words which spring most readily to mind when you speak of the former Soviet Union. I can only report that they did not

impinge on my visit. On the streets, you will usually be ignored or treated with heavy courtesy. Even taxi drivers can usually be trusted, although it is best to settle a price, in dollars, before committing yourself. If you get lost on the once grandiose - but now neglected - Metro, someone will help you out.

Of course there are hints of danger. But they added spice to our weekend. We visited the luxurious Grand Hotel Europe, once a nobleman's palace, now exquisitely restored. Tea dances and cocktail hours to the accompaniment of classical music on the grand piano are the order of the day. But to enter, we had to pass through an airport-style electronic scanner. Hitmen are required to surrender their handguns before joining the *nouveau riche*. Too many gangland killings have taken place in classy hotels and restaurants.

## Skiing

## Alaska - space for everyone

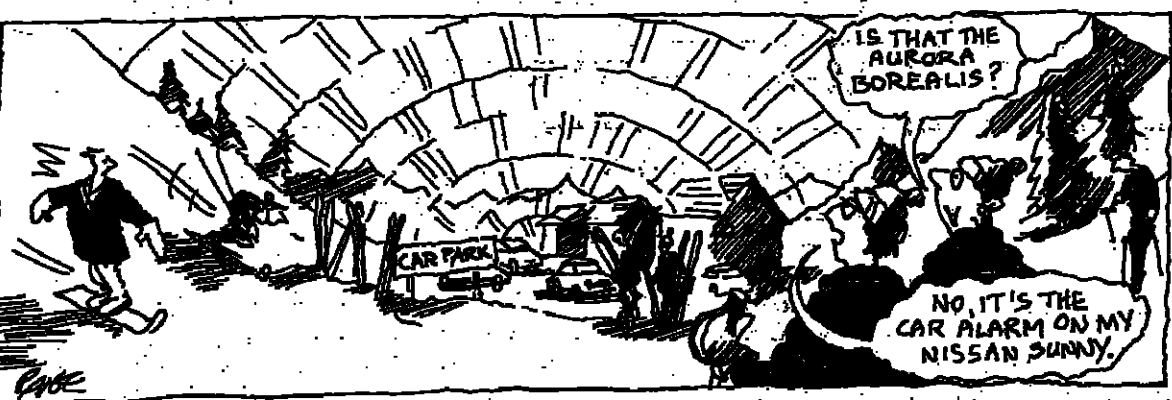
The entire spectrum of a skier's needs is catered for in Alyeska, says Arnie Wilson

At two cents an acre, Alaska - with its magnificent wilderness of vast pine forest, lofty peaks, myriad glaciers, wetlands, diverse wildlife and rich mineral deposits - was one of the bargains of the century when the Russians sold it to the US in 1867.

Today there are still acres of space for everyone. 0.83 of a square mile per head of population to be precise. No wonder Japanese skiers, who try the slopes at the Japanese-owned resort of Alyeska, the main ski area, 40 miles out of Anchorage at Girdwood, are astonished by how much space there is compared with, say, Nisei, Japan's busiest ski resort. Nisei, which is also run by the Prince Hotel group, can be swarming with 40,000 skiers during a busy weekend. Alyeska, roughly the same size, would count 4,000 skiers on a big day.

Alyeska was on the small side, I was told, but its scope surprised me. Six chairs and a tram (cable-car) serve more than 30 trails which genuinely cover the entire spectrum of a skier's needs.

The nursery slopes, such as Christmas, Perseverance and Sittmark, are close to the Day Lodge base. Most of



the blue (intermediate) slopes - Silvertip, Ptarmigan Gully and Mainstreet for example, funnel down from the Glacier Bowl area all the way to the bottom (changing their names to Denali, Sourdough and Race Trail, etc on the way down) giving good skiers a good, thigh-burning vertical drop of 2,500 ft for their money.

The black and double black diamond trails focus

on the North Face area, with its new Christmas Chute, and a high, steep, tricky-to-get-to bowl way above the ski area beneath Mount Alyeska (3,838 ft) which involves a half-hour climb followed by a long, and sometimes unenjoyable, traverse.

Christmas Chute, at the end of a traverse which accesses the finger chutes of Pinky, Ball-in-Chain, Bird

and Index, has been skied for years by the ski patrol, but has only just been opened to the general skiing public. It is an absolute must for anyone who likes to push themselves into the steep, deep and - initially, at least - narrow.

The adrenalin racing in this color (on no account to be confused with Christmas, the utterly benign green run 2,000 feet

or so lower down the mountain) is high but there is little serious danger. Although it is heart-thumping steep at the very top if you fall, once through the rather daunting-looking and narrow entrance, there is nowhere else to go but down the middle, with almost no chance of hitting rocks.

Its companion, New Year's, is almost twice as

long and should be ready for recreational skiers next season, when it is planned to open up an entirely new section of the mountain called the Money area. This will increase the skiable terrain by something like a third and make Alyeska a resort of some significance.

Perhaps surprisingly for Alaska, the resort - which claims a minimum of 550in of natural snow each year -

even makes some of its own to guarantee good conditions on the lower slopes.

Although the surrounding peaks are only modest in altitude - between 4,000 and 7,000 ft - they seem almost Himalayan because they are drowning in snow.

As you can discern from the window of your incoming flight, Alaska has almost wall-to-wall mountains - there are 99 ranges, including 17 of the US's highest.

The views from Alyeska's slopes are magnificent, some dominated by the expanse of water known as Turnagain Arm, where Captain Cook had to "turn again" during his search for the north-west passage.

As the skiing season draws to a close, Alyeska gains an extraordinary five to six minutes of daylight each day, when it becomes relatively warm, and by June you can tee-off at golf as late as 10 pm and start

again the following morning at 5 am.

In winter, however, the ski lifts do not open before 10.30 am because until March it is not really light enough, so skiers can relax over a long breakfast without the usual feeling of guilt over a late start.

To compensate, you can ski until 5.30 pm and even later if you like night skiing. A lie-in may also help after a night interrupted by a display of the aurora borealis. Guests at the Alyeska Prince Hotel are invited to request a wake-up call should the Northern Lights put in an appearance - a regular and spectacular occurrence.

In summer, the ambience can be tampered by mosquitoes, only half-jokingly known as Alaska's state bird. Only marginally less irritating are the "no-see-ums," a small biting midge.

Around 50m sea birds nest in Alaska, and up to 8,500 Bald Eagles gather every year at the Chilkat eagles reserve near Haines in south-eastern Alaska.

Polar bears confine themselves to the Arctic, but grizzlies can turn up almost anywhere during the summer.



## PROPERTY

If you are under 45, the chances are you associate Portuguese property with golf, the Algarve and a villa belonging to some friends of your parents. Lisbon rarely figures in the equation. The only overseas owners in the Lisbon area have traditionally been royal and oil emigrants reliving their glory days in the coastal towns of Estoril and Cascais.

New Lisbon is offering a different sell to the northern European market. Just as Tuscany flourishes without a culture of sun 'n' sand, so the Portuguese capital is hoping its history and unspoilt coastline will attract a new generation of overseas buyers.

Unlike in the Algarve, the new developments near Lisbon are aimed primarily at the local domestic market. The idea is to have a few overseas buyers living among Portuguese neighbours, rather than to create a German, British or Scandinavian colony.

This strategy is chiefly the result of changes in the local market. In the last few years, interest rates in Portugal have fallen from nearly 20 per cent to around 8 per cent. Mortgage lending has been transformed from a highly restrictive to a competitive business.

At the same time, Portuguese women have become an increasing part of the work-force and are having smaller families. As the recession in northern Europe has shrunk the pool of foreign second-home owners, so the local middle-class with new home-owning aspirations has grown.

Isabel Abreu is a typical new customer. Married with one child and working for Knight Frank's new Lisbon office, she has bought an apartment off-plan at the Belas development on a hill north-west of Lisbon. For Esc40m (£150,000) she will get a large three-bedroom apartment with south-facing terraces and underground parking on a ridge overlooking the area. She chose Belas partly because it bears the hallmark of André Jordan, Portugal's most renowned developer.

On-site facilities will include a primary school, a golf course, a sports club, swimming pools, horse-riding, tennis courts and



High life: the view of Cascais and central Lisbon from the capital's Graca district

## Sun, surf, sand and city

There is no longer any need for Portugal to be all golf and the Algarve, writes Anne Spackman

cycle paths. Her alternative would have been an apartment with no parking in a city choked with cars and offering few green spaces.

Similar developments offering a new style of sporting suburbia are evolving across the region. To the south of the capital, near the popular weekend beaches of Arrabida, are Quinta do Peru and Avôia, selling predominantly as first homes to Lisbon workers.

One of the most exciting projects is Quinta Patino near Estoril (quinta is a generic term for country estate). Here the developer Espart, a subsidiary of Banco Espírito Santo, is creating the kind of scheme which mirrors up-market developments in London,

such as Northacre's at The Bromptons in Kensington. Espart bought the spectacular house and gardens of the mogul Antenor Patino, in a prime commuter location for Lisbon. The house has been turned into a modern version of a "gents' club", with individually decorated rooms and hotel-style services, as well as a tiled pool.

Around 100 apartments and 90 villa plots are being created in the grounds. Already 47 plots have been sold and there is a waiting list of 200 names for the apartments, due to go on sale next month through shift in style.

Down the coast, between Cascais and the famous surfing beach of Guincho, is the Quinta Marinha project. Here there is the usual mix of golf, hotels, swimming

and tennis, but the central sporting theme is horse-riding. Quinta Marinha is already Portugal's biggest equestrian centre.

Miguel Champalimaud, whose family have owned the land for decades, sees the development attracting many of the multinational workers based at the region's growing number of business parks. As corporate tenants they would pay full market rents - as opposed to most Portuguese, who still benefit from a state-controlled system of rents and protected tenancies.

Further north, on a rugged stretch of windswept coast, the resort of Praia d'el Rey is being developed with an eye

to the northern European market. The combination of vineyards, historic towns and some protected island habitats just off the coast is expected, by international agents Knight Frank, to appeal particularly to environmentally aware German buyers. Prices for apartments go from £68,000 to £90,000.

The best known international resort in the area is Penha Longa, a golf-based development near Sintra. As the region's most expensive development, it has been exposed to the Portuguese and the wider European recession - not to mention the wind, which is a constant feature of the Lisbon area.

Penha Longa's Japanese backers have also had to

struggle with the inexorably slow and complex Portuguese planning system, which can cause developments to drag on.

Despite the growth of the Portuguese middle-class, there may not be enough of them with sufficient money to make all these resort developments a success. While the resorts are keen to pull them out of the city, another set of developers converting redundant office space is trying to lure them back.

Not surprisingly, given the extent of the competition, the market is very price-sensitive. One of the most imaginative developments in Lisbon itself, a conversion of offices and former silk workers' houses at Pateo Bagatella, has struggled to find

buyers with prices of around £350,000 for a house or large apartment.

Potential local purchasers have been surprised by the service charges which, by London or New York standards, are unbelievably low. Portuguese buyers do not expect to pay extra service charges on top of an existing mortgage. For underground parking, a swimming pool and 24-hour security buyers at Pateo Bagatella are being asked to pay around £700 a year. This domestic pressure on service charges is good news for overseas buyers.

The other competition for buyers in the Lisbon area comes from Expo 1998. It is due to open Expo 1998 in a year's time, creating a new town of 35,000 people on the former docks site in the city's east. A massive building programme involving new motorways, a second bridge across the Tagus and an improved rail network is under way - though not quickly enough to stop some anxious nati-biting.

Freedom from Lisbon's commuter congestion is Expo's trump card for buyers. Rui Lauretinho, marketing director of Expo Urban, the property division - says they have learned the lesson of London Docklands that the transport system has to come before the buyers.

He expects 70 per cent of his market to be young city workers seeking a metropolitan life. The rest will initially be professionals like himself, forming co-ops to develop their own apartment blocks. Are there enough buyers, domestically and internationally, to fill all these large projects? Andre Jordan, the grand old man of Portuguese property, thinks the outlook is very tough.

"We are in a very professional business these days," he says. "The speculative developers have disappeared with the death of inflation. Buyers are increasingly sophisticated. Only those who deliver quality and value for money will prevail."

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## GARDENING / PROPERTY

The magnolias have been wonderful and the azaleas will soon be at their best, but they are not the brightest sight in my garden. For two months, I have been host to a multi-coloured visitor who has strutted through the crocuses and preened himself among the primroses. I have been entertaining a cock pheasant whose plumage has been glistening in the sun.

From February 1, my garden, like many others in the UK, seems to be classed as a recognised safe haven for home-bred refugees on the run from human aggression. Landowners breed them by the 10,000; the potential donor of Oxford University's celebrated School of Business Studies is known to have more than 1,000 shot on his land each weekend before Christmas.

The survivors then leg it to green gardens like my own where I will surprise you by saying that they are not unwelcome, appearing to do no harm to the flowers and plants and therefore avoiding the fate of any uninvited rabbit, cat or unclassified wildlife.

For three years now, cock pheasants have appeared in early February and walk around as if they own the place until mid-April. What do they think they're doing? My pheasant library runs to only two volumes. One is called *The Young Shot* and aims to tell young sportsmen, maturing in the 1960s, how to hit a pheasant flying sideways without hitting the next two guns in the line.

The other book is a volume of verse which refers to pheasants as "jewelled old blackguards". Neither explains why they take to the garden from crocus time until the mid-season tulips.

One person in Britain who has written well on the pheasant is Matt Ridley, author of *The Red Queen* and other articles on evolutionary biology. Ridley throws light on the pheasant's normal lifestyle and reminds us that they are at least as interesting as the wildly fluctuating prices which game-dealers charge for their dead bodies between November and late January.

Ridley explains that the single cock pheasant realises most males' private dream.



Jewelled old blackguard: in his own way, the cock pheasant realises the private dream of most males

## A cock and bull story

Robin Lane Fox explains why the pheasant escapes his 'shoot-to-kill' policy

He dominates an area of territory on to which a group of females will choose to come and feed.

The females know that without his protection they are at risk to harassment and pestering by other males. In return for his defence, they allow him to mate with them promiscuously. The hens feed in safety and the cock picks them off at will. There is one absolute rule. The hens return after feeding to a nest which they never reveal to the male. They lay an egg in the lunch hour and then return for sex and safe feeding in the afternoon. They have been known to lay eggs in one another's nests.

It all sounds very Kenington and Chelsea in the 1980s.

I have to say that this abstract of the Ridley theory does not suit my case study under observation. The Ridley view presupposes that a cock pheasant in open country is acting as the proud front-man of a female harem which will shortly emerge from, or be found in, the neighbouring bushes and hedgerows. I have beaten my bushes, drawn my shrubbery and rustled through my hedges but there has never been a trace of an accompanying harem of hens.

The cock pheasant simply walks among my spring flowers in daylight; in the evening he behaves like a "jewelled old blackguard" and goes to nest in a tree above the adjoining church but where he greets the

darkness with his black-guards old chard.

Conventional theory needs to be expanded. When these visitors first started to appear, I thought they were after the crocuses and were only detained from shooting them by the logical thought that I already had 30 pheasants in the freezer, bought for an oven-ready £3 a brace in the Oxford market when the bottom falls out of the dealers' prices and they have to offload fresh stock in a hurry at the season's end.

Actually, these pheasants do not attack the crocuses, whereas sparrows and the atrocious squirrels show no restraint. Until I discover what harm they are doing, they are one of the few exemptions to my general

policy of shoot to kill.

The events of this year have enabled me to understand what is happening. These visitors are on a run from nearby estates where they are bred to be driven over the heads of visiting Europeans. I have seen them run the gauntlet, while German visitors struggle to hit low-flying birds and the beaters wave white flags and lengths of coloured plastic to encourage the quarry to gain height. It is, therefore, plain to me that my "jewelled old blackguard" has struck out on his own, expecting the female team to follow.

All his preening and apparent interest in my early daffodils is an attempt to keep up his morale, as he waits for the candidates for

his promiscuity to come and join him in return for safe feeding on my lawn. Finally, he managed to dodge the Germans, but each year the harem fails to appear. He is left looking self-important with his bonus and his best suit on, but he fails completely to find a mate.

This spring, I have heard him calling hopefully, and it did sound like a call for "Nicola". If so, it is clear what happened. They fixed to meet up, but the Germans shot her before she could bring the rest of the team to join in. They made a mess of the plan and my old blackguard was left out on a limb.

Or so it seemed until last weekend, when there was a shot and my visitor has not been seen since.

On the Move / Anne Spackman

## The queue starts here

Now flats in London are continuing to sell at an extraordinary rate with strong demand from UK and south-east Asian buyers. Galliard Homes, 78 of the 81 apartments in its White Hall development on the South Bank in one weekend, after a heavy advertising campaign had buyers queuing overnight. The police had to call in to support when the crowd threatened to get out of hand.

The flats, converted from former council offices, are some of the smallest to appear on the market since the last boom. One-bedroom flats are 40 sq ft and two-bedroom flats, 55 sq ft. Room sizes have been declining steadily over the past two years, as land prices in London have risen.

Along the river, in the even less prestigious area of Elephant and Castle, St George's has sold 26 out of 28 of its large two- and three-bedroom apartments, the up-market Chinook's Wharf development in Limehouse, Docklands, off-plan - before the flats have been built. The remaining two-bedroom one is priced at £235,000.

Similarly buoyant sales figures are being reported across London in the small flat market. Savills sold half of a new development called Chimney Court in Wapping to English buyers in less than a week. These included large "studio" apartments in which the galleried bedroom was reached by a vertical ladder and was too small for an adult to stand up in.

Buyers paid prices of between £117,000 and £129,000. The price did not include the wooden floors or any wardrobes, though the living areas were very spacious.

What was the weakest sector only two years ago is now one of the strongest. The first-time buyers who rented in the recession are now back in force. The National Association of Estate Agents' monthly report shows first-time buyers now form nearly 30 per cent of the market.

They have arrived at the same time as the new wave of British and south-east Asian investors, causing prices to rise steeply. Anyone thinking of joining the queue for a small flat in London needs to think very carefully before writing a cheque.

### Sales boom myth

Figures from the Land Registry, which records all house sales, have been used to suggest the reported boom in the London property market is an estate agents' myth. Anyone who believes this is the case should spend a few days trying to buy a house.

The Land Registry figures are impressive because they are unchallengeable in their accuracy. The big problem is that, unlike those of, say, the Halifax Building Society, they are not mixed. This means the figures do not compare like with like. The registry warns people to bear this in mind on the front of its quarterly reports.

For example, the average price of detached houses in Hampshire and Surrey fell between the third and fourth quarters of last year, according to the registry. This will be because more larger houses sold in the third quarter, with higher prices. In reality, buyers would have had to pay more for the same house.

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Townships, Villas, 1-2-3-4-5-6-7-8-9-10-11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035-1036-1037-1038-1039-1040-1041-1042-1043-1044-1045-1046-1047-1048-1049-1050-1051-1052-1053-1054-1055-1056-1057-1058-1059-1060-1061-1062-1063-1064-1065-1066-1067-1068-1069-1070-1071-1072-1073-1074-1075-1076-1077-1078-1079-1080-1081-1082-1083-1084-1085-1086-1087-1088-1089-1090-1091-1092-1093-1094-1095-1096-1097-1098-1099-1100-1101-1102-1103-1104-1105-1106-1107-1108-1109-1110-1111-1112-1113-1114-1115-1116-1117-1118-1119-1120-1121-1122-1123-1124-1125-1126-1127-1128-1129-1130-1131-1132-1133-1134-1135-1136-1137-1138-1139-1140-1141-1142-1143-1144-1145-1146-1147-1148-1149-1150-1151-1152-1153-1154-1155-1156-1157-1158-1159-1160-1161-1162-1163-1164-1165-1166-1167-1168-1169-1170-1171-1172-1173-1174-1175-1176-1177-1178-1179-1180-1181-1182-1183-1184-1185-1186-1187-1188-1189-1190-1191-1192-1193-1194-1195-1196-1197-1198-1199-1200-1201-1202-1203-1204-1205-1206-1207-1208-1209-1210-1211-1212-1213-1214-1215-1216-1217-1218-1219-1220-1221-12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## FOOD AND DRINK



## In search of authentic Tex-Mex cooking

It's filling, inexpensive, salty, spicy and full of fat. And it goes well with beer. Nicholas Woodsworth feels a glow of contentment...

**L**unchtime not long ago found me sitting in the Liberty Bar in San Antonio, Texas - world capital of Tex-Mex cooking - making short work of a *chile relleno en nogada*.

A house speciality, its heart was a fat, dark-green, mild poblano chili. It was stuffed with a rich mixture of ground beef, raisins, and pine nuts. It was covered in a fragrant walnut-and-cream sauce. It was sprinkled with ruby-coloured pomegranate seeds. It was heaven.

Now this, I sat back and thought to myself, must be why people come over all warm and gushy when they start talking about Tex-Mex cooking.

But I was wrong; it is not. When I asked Alejandro Diaz, food-lover, born-and-bred San Antonian, and co-owner of the Liberty Bar, if his *chile relleno en nogada* was a popular Tex-Mex item, he laughed. I was about 1,000 miles off-target, he said - the dish was all Mex and no Tex. He had learned it while living in Mexico City.

There is no comparison between Mexican and Tex-Mex cooking, he told me. Mexican cuisine is a rich affair of sophistica-

tion, subtlety and astonishing variety; depending on its regional origins, it uses a wide range of meats, fish and sea-food, herbs and spices, tropical fruits and vegetables. In Mexico's great urban areas its Mayan origins have been heavily influenced not only by Spanish colonial cuisine, but by French, Italian and Austrian cooking as well.

"When friends come to visit me from Mexico City", Diaz smiled, tickled by the idea, "they are truly appalled by the food they eat here. They cannot believe it has anything much to do with the food back home."

Well, what then, I asked, by now somewhat alarmed at the prospect of discovering its true nature, is Tex-Mex food?

Tex-Mex, it seems, is the Mexican cooking of the poor man, adapted, via many time-saving shortcuts and much ethnic liberty-taking, to what is available in the blue-collar kitchens of Texas.

That sounded ominous, I said. Geography and history made it that way, Diaz answered. The further north one travels from the fertile, tropical plains of Central Mexico, he explained, the more reduced Mexican cooking becomes in richness and variety.

In the arid, northern frontier deserts of Sonora and Chihuahua the sophistication of Mexico City all but disappears: what remains is the open-handed use of fiery chilli peppers; in a country that grows 500,000 tonnes of chillies a year, the dishes of the frontier are renowned for being the hottest.

So much for the Mex, I gulped, involuntarily taking a large sip of water. Where did the Tex come in?

Texas' poor Hispanic population, Diaz said, did with what they had, which was not much. Rice, beans cooked in lard, and *tortillas*, the flat bread of the Mexican peasantry, were their daily staples. They relied on food out of tins and packages. Instead of Mexican homemade cheeses they used a goosy mass-produced substitute. They ate few fresh vegetables. They reduced their spices to little more than strong doses of chillies, cumin, garlic and coriander. They cooked the cheapest cuts of meat they could find. They even listed their dishes on Tex-Mex restaurant menus by number instead of name.

By this point I was aghast.

Here was cultural bastardisation indeed. Tex-Mex, I said, sounded really and truly awful.

Alejandro Diaz's eyes opened wide.

"Are you kidding? Have you ever had the classic Number 2 Combination Plate - *enchiladas*, *tacos*, rice, re-fried beans and

**If ever there was a no-frills, no-pretensions neighbourhood restaurant, Las Brisas is it. Inside, all was good cheer**

*guacamole? I love Tex-Mex food!*

I sat up, my own eyes now open wide. Diaz warmed to his subject.

"Everyone in San Antonio, Hispanic or not, rich or poor, cowboy or computer nerd, loves Tex-Mex. We don't care if it is not sophisticated. Tex-Mex is comfort food. It's filling, inexpensive,

salty, spicy, and full of fat. Every now and then your body asks you for it, demands it. It goes well with a beer. It's casual, informal, it makes you feel at home. Tex-Mex speaks to the soul."

On he went. He waxed lyrical over *burritos*, flour *tortillas* stuffed with meat, beans, cheese and chilli sauce; *fajitas*, jalepeño pepper-marinated skirt steak; *huevos rancheros*, the eye-opening breakfast of eggs poached in green chilli sauce; *chile con carne*, that old Texas standby and official state dish; *nachos*, tortilla chips topped with melted cheese and sliced jalapeños; *chicharron*, deep-fried pork skin; *merienda*, the spicy tripe broth reputed to cure the biggest of Texan hangovers. He even admitted he had a little space in his heart for that most San Antonio of inventions, the crispy dog - a hot dog wrapped in a corn tortilla, deep fried, and served with mustard.

I was astounded. When it came to food from Texas's back yard, even discerning, critically-minded Alejandro Diaz rapidly grew misty-eyed and soft-headed.

Surely, I suggested, there was something more to Tex-Mex than met the eye and tongue.

He agreed, after long thought, that there might well be - it was the atmosphere that came served up with the food in a real San Antonio Tex-Mex restaurant. It made for supremely happy, contented, usually overweight people. I would have to see it, he said, to understand. So off I went that very evening.

I did not head for Mi Tierra, Rosario's, or any other of San Antonio's popular downtown, upmarket Tex-Mex restaurants. I pointed myself instead towards Hispanic, working-class West San Antonio and Las Brisas Restaurant.

Past the railway tracks and shunting yards, Las Brisas sits opposite a coin-operated laundrette and down the road from a 24-hour ball-bond office. Small dilapidated businesses fronted the main street. Small, dilapidated clapboard homes lined the side streets. If ever there was a no-frills, no-pretensions neighbourhood restaurant, Las Brisas is it.

Inside, all was warmth, congeniality and good cheer. On a concrete floor once painted red but now worn bare, a handful of tables with plastic tablecloths were crowded with diners. On

one wall was a picture of the Virgin Mary surrounded by fairy lights and plastic roses. On the other was a painting of the Mambo Kings. Beside an old-fashioned, glass-fronted cooler holding tomatoes, peppers, cabbages and other kitchen items, a large juke box swelled mightily with the heart-break of a fifties Mexican crooner.

I took a seat between the bubble-gum machine and a tall counter topped with a television and a glass jar of pickled vegetables. A large waitress, her hair piled on her head and raven-black, asked me in Spanish what I wanted. What could I reply but the Number two combination plate?

Alejandro Diaz was right. As I tucked into crispy, beef-stuffed *tacos* and *enchiladas* smothered in melted cheese, I looked at the families, the couples, the old people tucking in around me. They were happy, contented and overweight. Starting at my stomach, I felt my own glow of contentment begin to suffuse outwards.

To hell with overweight, I thought, and ordered another *enchilada*.

## Eating lobster with attitude

Victoria Griffith sets out to enjoy the culinary invention of New England chefs

**O**n childhood jaunts to New England seafood restaurants, I always ordered lobster. The traditional dish would arrive at the table unaccompanied by and red, complete with a plastic bib and a metal cracker for ripping out the succulence.

So how *avant garde* could a Boston restaurant with lobster on the menu be? I found out one recent Saturday while dining at Ambrosia, a restaurant at the edge of the city's fashionable Back Bay neighbourhood.

The lobster placed in front of me was one with attitude: lobster *sashimi*, curled inside a paper-thin seaweed leaf and served in a cocktail glass. Tony Ambrose, the chef, had dubbed it "lobster martini". One glance at what my companion was eating - sautéed fole gras in coconut oil and ostrich meat - confirmed my suspicions: the Boston food scene has changed irrevocably.

That is no bad thing. Twenty years ago, Boston was a culinary wash-out. Upscale restaurants, usually located in grand hotels, served a watered-down version of French cuisine, and diners brooked no experimentation. Only when two talented young chefs, Jasper White and Lydia Shire, took over the restaurant at the Bostonian hotel in the 1980s, did things start to become livelier.

### Restaurant information

- Boston Addresses:**
- Ambrosia, 116 Huntington Avenue; tel 247-2400
  - Olives, 10 City Square, Charleston; 242-1999
  - Harnesley's, 555 Tremont Street; 422-2700
  - Rialto, One Bennett Street, Cambridge; 691-6060
  - Pignoli, 92 Park Plaza; 339-7500
  - Biba, 272 Boylston Street; 426-7878
  - Café Louis, 234 Berkeley Street; 266-4680

Like many chefs around the country at the time, the White and Shire team began to emphasise the use of fresh, local ingredients used in variations on old regional and European recipes. Dining options in the city expanded rapidly as White and Shire trained new chefs, who in turn tutored the next generation. White and Shire's former apprentices opened their own restaurants, and a new cuisine was born.

Oddly, most of the city's top chefs have worked together at some point, and still telephone each other to

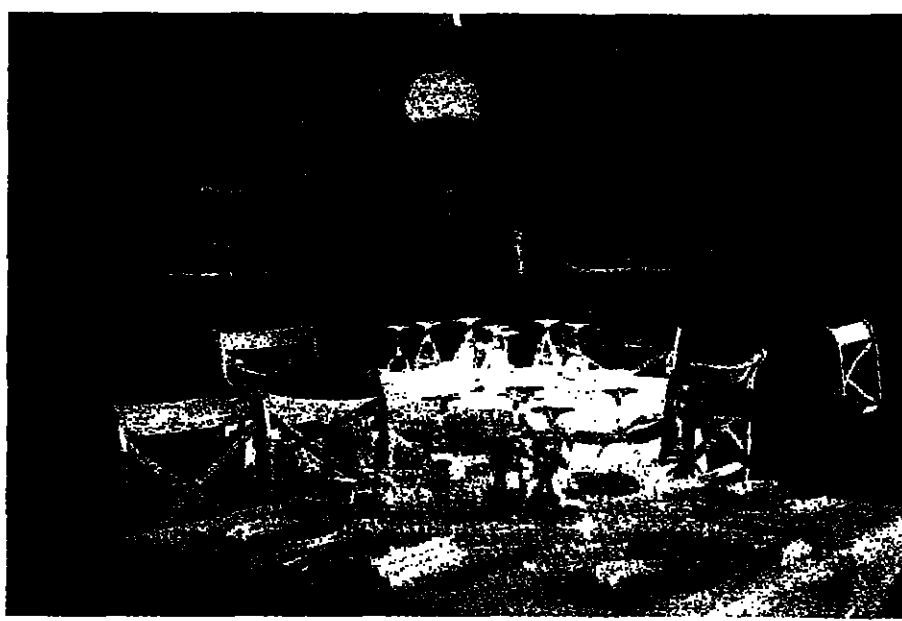
borrow ingredients or exchange tips. Diners share the cosiness, most refer to chefs by their first name only, and everyone seems to know who they mean.

Boston's restaurant-goers are now considered among the most adventurous in the country. "The best restaurants in Boston can hold their own against those of any city in the US, including New York," says Pamela Parseghian, food editor at the US trade publication *Nation's Restaurant News*. Bostonians also have more choice than ever before: more than 100 new establishments have opened here in the last three years.

Menus around the city show food on the cutting edge. Shire's Biba features items such as "duck grilled over cherry chips and spiked with pomegranate" and "young pig preserved with anise, wood roasted with prosciutto and figs".

A favourite at Olives, run by chef Todd English, is squid and octopus in a vinaigrette of chick peas, tomatoes, toasted garlic and parsley. Chef Jody Adams, of Rialto, is a tad more conservative, but even her offerings are hardly standard. One of her most popular appetisers is, according to the menu, a "truffled egg coddled in a Yukon gold potato with porcini mushrooms and crème fraîche".

It's tempting to call this "fusion" food, except that



At Ambrosia, chef Tony Ambrose has created what he calls a 'lobster martini'

Boston's chefs view the term with disdain. "Most fusion food is just terrible. Like guacamole-filled ravioli with soy sauce," says Lydia Shire. "It just doesn't work." Boston's premier chefs, all thoroughly trained in classic French or Italian cuisine, say their creations are more focused, with an emphasis on traditional techniques.

Ambrose's St Pierre fish, for instance, is infused with a blend of 14 Asian spices, including cumin, nutmeg, turmeric and cardamom. The same seasonings that once formed the heart of the spice trade, the chef points out.

"It wouldn't work with just a couple of the spices, or with the wrong combination," says Ambrose. "Some form the base, others build on that, like a symphony. You need classic training to know that."

Ambrose was first exposed to Asian cooking while he was an apprentice in France in the 1980s, a time when the

country's restaurants were filled with Japanese apprentices.

While Boston's chefs draw heavily on international influences - fittingly for a town with so many foreign residents - they say the city's food scene has a character all its own. This is because Boston is perched on the edge of the sea; many restaurants emphasise seafood, served in untraditional ways. A long-standing favourite at Biba is lobster pizza.

Ambrose lives next to a fishing port. "They fish right here in Boston harbour," he points out. "How many cities have that close relationship to their ingredients? I've made friends with the fishermen, so I get the best stuff on the market." Ambrose says the city's proximity to farmland also helps him obtain fresh ingredients during warmer months.

A key advantage of cooking for Bostonians, says chefs, is that they avert their

eyes from their waistline. "We have hearty eaters here," says Jody Adams. Shire complains that during her stint as a chef in California, diners sometimes wanted nothing more than chopped salad. "You can't imagine how annoying it is when every diner coming through the door is on some special diet," says Ambrose.

Because of the sharply defined seasons of America's northeast, the seasonal reference in the city is particularly strong. Menus at top restaurants are overhauled every three months.

In winter Bostonians expect large portions and good value. The city's top restaurants are not cheap - a complete meal at most would cost about \$50 (\$31 per person, without wine - but they are priced far more competitively than many of their counterparts in New York and Europe.

"We have our craziness," says Adams. "But at heart, we are sensible people."

### Appetisers

## For smokers and drinkers

**O**kay. Own up. There must be some of you out there who still drink port and smoke cigars. The Langham Hilton, in Portland Place, London, will find out just how many when Joao Nicolau de Almeida, of port shippers Ramos-Pinto, hosts a port and cigar evening there on Wednesday.

You can try the Ramos-Pinto 30-year-old tawny with your coffee and will be given a complementary cigar. Anthony Marshall, the executive chef, is preparing a special four-course dinner for \$45. For reservations call 0171-636 1000 x 3106.

Jill James

■ The Clark Trading Company of London is now supplying vacuum packs of Bellota Iberian ham from the much-prized black pig at £11.50 per 100g pack. For orders ring 0181-297 9937 or fax 297 9933.

■ Six magnums, in the original wooden case, of 1947 Chateau Cheval Blanc fetched £26,200 at Sotheby's recently. In spite of a very hot summer, 1947 was not a particularly fine vintage in the Médoc and in many cases wines were marred by volatility - a tendency towards vinegar.

It was quite another matter on the right bank, with St Emilion and Pomerol. The star wine, Cheval Blanc, turned out to be a deeply-coloured,

concentrated, porty-flavoured wine. One single bottle at auction reached £3,950. (Prices include a 10 per cent buyer's premium).

Edmund Penning-Russell

■ Upcoming at Christie's next month is an auction of corkscrews. It represents 30 years of collecting by Dr Bernard Watney, an authority on the subject. The 450 lots will include an 18th



century silver pocket corkscrew which, it is estimated, will fetch £4,000 to £6,000. The sale is on Wednesday May 14 at 10.30 am. For more information call 0171-581 7611.

■ Supermarkets including Sainsbury, Tesco and Morrisons are among those stocking paneer, a traditional Asian cheese, at £1.99 for a 227g pack.

■ Got a hedgehog that needs feeding? Of course you have. Safeway is selling Sylke's Dinner for Picky Petches for 45p a tin - designed especially for your prickly pals.



## FOOD AND DRINK

## Wine

## In a sweat over Kiwi scents

Jancis Robinson explains why some perspiration on a Sauvignon Blanc is generally tolerated

New Zealand's top wine writer and I discussed sweat the other day. "It's quite a big topic in New Zealand tasting circles," Bob Campbell assured me. "I actually quite like it in a wine. I think a bit of it adds to the complexity. In fact, it can make what's basically a simple wine more interesting."

In my travels around the world, I have found substantial local variation in wine tasting vocabulary. South African tasters seem to find the scent of guava in a high proportion of their white wines whereas I have never heard it mentioned elsewhere.

The French, who hold the world record for the number of different flavours they manage to find in most wines, find the scent of acacia and lime blossom in what seems to me a quite disproportionate number. Australians were at one time obsessed with "sweaty saddle" as a tasting note. But New Zealanders have a new one, human sweat.

Wine tasting provides rich pickings for epistemologists. Does a flavour exist until it has been given a name? It was about

four years ago that wine judges on the New Zealand show circuit noticed and discussed a strangely familiar flavour in some of the country's ripe Sauvignon Blancs - the grape that put New Zealand on the international map, whose distinctive flavour is already widely described as "cat's pee on a gooseberry bush".

Female tasters tended to describe this smell as "male armpit", although, according to Campbell, male judges have been known to call it "a rich amalgam of ripe fruit and slightly herbal flavours". From then on it was known as "sweat" for short by New Zealand wine professionals and many of them went hunting for it like tracker dogs.

Nowadays, a slight sweatiness about a Sauvignon Blanc is generally tolerated and has been

identified as a sort of sulphide, a certain sulphur compound that happens to form after the fermentation of some particularly ripe New Zealand Sauvignons using a certain type of yeast.

The Sauvignon Blanc of Palliser Estate in Marlborough often has this sort of pong, as do some of Hunter's bottlings from Marlborough, according to Campbell, who rated Palliser's as ninth favourite in a tasting of 129 Kiwi 1996 Sauvignon Blancs for New Zealand's *Cuisine* magazine. "Lovely sweet fruit with a very subtle herbal influence," says the tasting note diplomatically.

This is the time for the world's many devotees of Marlborough Sauvignon Blanc to secure their portion of the 1996 vintage, a welcome return to form after a rainy 1995 harvest. I recently con-



ducted my own little blind tasting, including Cuisin's first and third choices, the world-famous Cloudy Bay and Villa Maria Reserve Clarendon Bay from the company's new vineyard.

Cloudy Bay, as ever, stood out from the rest for its pungent depth of flavour, its raciness and its elegant texture, but it is so

popular that in many international markets it has to be rationed. (The only place I have seen it languishing was on a smart hotel wine list in Bangkok which last year still carried both 1992 and 1993 vintages - way past their best, I would imagine - so strong is that determination to drink only red wine.)

Another, less expensive, 1996 Marlborough Sauvignon which should appeal to Cloudy Bay fans is that made by the celebrated winemaker Kim Crawford under his own label. The zesty Sauvignon produced in his debut vintage angers well. It has a slight undertone of asparagus however, which just happens to be a flavour I do not like.

More to my own perverted taste is the 1996 Sauvignon from Isabel Estate, a vineyard estab-

lished back in Marlborough pre-history in 1923, four years before Cloudy Bay's first vintage. All of its grapes were sold to other producers until 1994 when this label was launched.

Winemaker Sam Weaver has managed to fashion something tinglingly different from the regional norm, a wine that is drier and more substantial than most. Many Marlborough Sauvignons tend to smell less and less appealingly (to me anyway) of canned asparagus with every month they spend in bottle, but this Isabel 1996 Sauvignon suggested it might have a more Sancerre-like lifespan. In none of my tasting notes do I find the S-word, although we all vary enormously in our sensitivities to different flavour compounds.

Isabel Estate Sauvignon available at £9.45 from Morris & Verdin of London SE1; Booths of Stockport; Bacchus of Olney; and Just in Case of Bishop's Waltham. Cloudy Bay should be about the same price; likely stockists from Edward Berry on 0171-235 8030. The Kim Crawford wine is £8.99 from Greenalls Cellars, head office on 01295-444555.

The great Bordeaux châteaux have spent the last two weeks giving tastes of their unfinished 1996s to visitors from the trade and press, including Weekend FT's distinguished Bordeaux expert Edmund Penning-Rowell, and are now working out prices.

Contrary to popular belief, there are bargains to be had - notably the Calvet Claret Lot No 278 on offer until May 12 at Majestic for just £3.85, or £3.90 by the dozen. According to the back label on this immensely appetising, lightly oaked Merlot-based red, "new world winemaking techniques learned by our winemaker in Australia and South America have helped us maximise colour and fruit whilst avoiding harsh tannins". I wonder what it says on the French label.

## Cookery

## Flex those mussels for a rich taste

Philippa Davenport finds the farmed molluscs quick to prepare, as well as satisfyingly expensive

Once mussels were available only from the wild. They were strictly seasonal and sold in plastic buckets from the fishmonger heavily bearded and barnacled, swathed in seaweed and newspaper wrappings, and you settled down with the wireless or a friend to help while away the none-too-speedy task of grooming the molluscs for the cooking pot.

That ritual is all but over now. Wild mussels have largely given way to rope-grown farmed offerings, they are sold by the kilo in plastic bags and seem to be available all year round.

Instead of magnificent marine blue-black armour, the shell of the farmed mussel is a relatively dull tawny black flecked with yellow and so nearly beardless that you might mistake it for clean-shaven. Happily, the interior of the shell remains as lovely as it always was, a mother-of-pearl shade of denim.

The rich orange flesh of the wild mussel has faded to buff and it seems to me that some of the old briny-sweetness has been lost. This may be because polluted waters have necessitated the introduction of purification tanks in many areas, a sort of limbo detoxification programme through which the shellfish must pass for reasons of hygiene.

I have heard it argued that the flesh of farmed mussels is plumper and more succulent than that of its wild cousin. It is certainly true that the shells of farmed mussels are thinner and lighter so a higher proportion of what you pay for can be eaten. It is also true that mussel ablations are fast

work now, little more than a quick dunk and rinse being necessary when you get them home to the kitchen. Mussels taste rich and expensive. They boast a wine-like quality. Once they were rated as a luxury treat at pauper's prices, the fishy counterpart of chicken livers, which remain one of the impoverished meat lover's greatest bargains.

Sometimes I serve both these modestly priced delicacies on the same menu. Chicken liver crostini accompany pre-prandial drinks. Then we sit down to a mussel soup-cum-stew that conveniently rolls first and main course into one.

I partner the stew with

**Farmed mussels are so beardless you might take them for clean-shaven**

home-made fennel seed bread, follow it with cheese and salad, and finish on a light sweet note with, say, fresh lemon mousse set and served in small containers such as demi-tasses or individual ramekins.

**MUSSEL STEW WITH SAFFRON AIOLI**  
(serves 4)  
2 kilos mussels; 2 fine bulbs (Florentine fennel); 2 smallish onions; 400g-500g potatoes; fennel seed; coriander seed; dried chilli flakes (plus optional shakes of Tabasco); fresh or dried thyme; a generous bunch of flat leaf parsley; a little olive oil; 200ml dry white wine (optional); a generous pinch of saffron

It's a little. After 2-3 minutes when it turns light golden turn the pieces over. Once ready, lift them on to a plate. Turn the heat down, add the onion and turn it until glistening.

Add meat back and pour the juice of the lemon over. Add enough hot water to cover the meat, place a lid on and cook gently for about 30 minutes, until the meat feels tender. Add remaining ingredients and enough hot water barely to cover everything. Replace the lid and cook gently for another 20-30 minutes (only 15 if using coriander instead). Withdraw from heat and stand for five minutes before adding the saffron.

Beat the eggs in a bowl with the juice of the lemon, add the cornflour and beat together until smooth. Add 4-5 tablespoons of the hot sauce gradually, while beating continuously and finally pour the avogadomono all over. Return to very gentle heat for 2-3 minutes and serve.

strands; 2 fat garlic cloves; about 150ml mayonnaise (a good commercial brand will do if you are pressed for time).

Clean the mussels, discarding any that have damaged shells or that continue to gape when firmly tapped. Chop the onions. Warm a little olive oil in a large flame-proof casserole or heavy stewpan. Stir in the onion and leave it to soften over a gentle flame while you prepare the other vegetables, spices and herbs.

Peel the potatoes and cut them into smallish chunks. Trim the fennel, reserving the feathery fronds; halve each bulb from stem end to root end, then cut into thin wedges through the central core. Roughly chop about 6 tablespoons parsley.

Brust about ¼ teaspoon each of fennel seed and coriander seed. Chop ¼ teaspoon of chilli flakes to reduce them to minuscule dark red flecks. (This is a little tricky. Because the flakes are brittle they tend to fly all over the place. You may need to top up quantities fractionally to compensate for losses, but chopping them is recommended. If it is omitted, the stew will blast you with occasional red hot bites instead of an agreeable even distribution of tingling flavouring.)

Mix the bruised seeds and chopped chilli flakes with ¼ teaspoon of dried thyme or twice as much fresh thyme leaves. Stir this lot into the onion pan. Add the prepared potatoes and turn them to coat with fat. Pour on 600ml cold water, season with salt and bring to the boil. Cover tightly and simmer for 20 minutes, adding the fennel wedges and parsley for the last five to six minutes.

Meanwhile, choose a large shallow pan in which to cook the mussels - if the mussels are spread thinly over the source of heat they stand a better chance of cooking and opening in unison. Pour in the wine (or 200ml water plus 4 teaspoons vinegar or white wine vinegar) and bring to the boil. Add the mussels, cover tightly and cook over high heat for a few minutes, shaking the pan occasionally, until the mussels open and cook in the steam.

Tip the molluscs into a sieve placed over a large bowl. Discard any that have not opened. Shell the rest. Tip all but the gritty last few spoonfuls of mussel broth into the stewpan and bring back to simmering point. Add the mussels, turn off the heat, check and adjust seasoning to taste. Set aside, covered, for two to three minutes. Serve with a dollop of saffron aioli added to each bowl, for stirring into the stew to enrich it as it is eaten.

To make the saffron aioli (it can be prepared ahead or at any stage while the stew is stewing) simply crush the garlic with a little salt, cream it into the mayonnaise then blend in a saffron infusion made by steeping the powdered saffron filaments in a tablespoon of hot broth for a minute or so.

ORIGINAL PORTER

GUINNESS AS USUAL

DOUBLE STOUT.

The shift from quantity to quality in beer drinking is celebrated in Roger Proctor's book 'Classic Stout and Porter'. The book catalogues the world's rich, dark beers, from Ireland's Guinness and Beamish breweries to porters and stouts made in Japan (Asahi) and the US (Pyramid in Seattle and the Mendocino Brewing Company in California). Published by Pion Books, it is priced at £9.99.

## Hotels

## A triumph of grand over bland

Giles MacDonogh meets the man charged with keeping up appearances at The Ritz

Giles Shepard would not agree with me, but he seems an odd man to be running The Ritz, one of the world's truly grand hotels.

You could not really see him cringing or tugging his forelock before some haughty or bad-tempered princeling. It is much easier to imagine him popping off a grouse or a pheasant, and shooting is indeed one of his passions. His grandfather was, however, a member of the minor "beverage", so there has always been a connection with eating and drinking. His father worked for Reuters in India, and that hardly fits in with the picture of the hotelier.

Nor does Eton or the Guards. Shepard must have been a sleek subaltern. He confesses that he still polishes all 12 pairs of black lace-ups at the weekend and wears them according to a duodenary rota. But he is no martinet: you could not imagine him barking orders at anyone either. He did national service in the Coldstream, then elected to stay on for a short-term commission. He still maintains links with the army, although no longer with the elite Guards' Division. He has come down in the world, even if he has replaced his captivity by an honorary rank of Major General (which he assures me no one uses): he is now permanent adviser to the Catering Corps. It is a pretty important job really: as they say, the army marches on its stomach.

We met in the sumptuous neo-Louis XV dining room of his hotel where we were due to make our bellies do a little marching too. He was looking forward to trying



Giles Shepard busy recreating the good things

one of the latest creations from chef David Nicholls, some well stuffed with wild mushrooms. "I try to eat fish, but this sounds rather good," he said.

We ordered, and he took up the wine list. After the army he followed his grandfather into brewing and went to work for Charringtons. A few years later he dropped beer and went to Bulmers' Cider to help develop their wine portfolio. I was interested to learn whether he thought wine in Britain had got better or worse since the 1960s. He played safe: "There were all sorts of good things around now which were not there in the past: Italian wines, for example."

I asked him about German wines. "When I started as managing director of The Savoy there were three pages of them on the list, and one page of claret." He flicked back from the burgundies in The Ritz list: "Just three German wines!" He was philosophic: "It reflected changing demand. He then went back to studying the burgundy."

Bulmers sent him briefly to Harvard. He thought the experience worthwhile. "Harvard Business School

would have stayed at their clubs. They none the less changed the manners of the English, a bit grand hotels provided a place where men could stay with their wives, and women could now eat out for the first time."

Talking to Shepard you sometimes feel that you are talking to the modern version of one of those country gentlemen. He too has his clubs: Whites, naturally, Pratts and the Beefsteak. At Pratts he dines, at the Beefsteak he lunches.

Good traditions are there to be maintained. He is not an easy man to lead out when it comes to the war of attrition fought between Forte and the Savoy Group until Granada came along and put Forte out of business, so his forthrightness over the present management of The Savoy for being unaware of the hotel's history comes as a bit of surprise.

It is also reassuring for those of us who throw up our hands at the increasing blandness of hotels the world over. "Good things come in small packages," he says looking around him. You feel that as long as he is in charge, The Ritz is not at risk of losing its character. He enjoys the business of recreating the good things that have been foolishly tossed away. He has had the old china reproduced. He re-opened the pretty Italian garden, which is now one of London's best summer luncheon venues.

Over coffee I asked him if he had had any idea when he left school that he would be managing director of a grand old hotel like The Ritz. Surely, I suggested, he had quite another career in mind? But he didn't agree.

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## SPORT

## Sporting Profile

# Will Augusta stymie Norman's conquest again?

Derek Lawrenson wonders if the Great White Shark can ever get over the barrier of the US Masters

When the time comes to pass judgment on the careers of golf's three foremost competitors of the past 15 years, history will almost certainly be kind to Severiano Ballesteros and Nick Faldo. The former is the most naturally gifted player of his generation; the latter, with his exquisite harnessing of talent and application, the best golfer the European game has yet seen.

What, though, of the Australian Greg Norman, whose record in many respects outstrips either but whose curriculum vitae is burdened by the sort of flawed performances that belittle his right to be included alongside the other two?

Will we remember Norman for a display in victory at the 1993 Open so spectacular that the wise old denizen Gene Sarazen said: "I never thought I would live to see golf played like this?" Or will it be for a series of bungles over the closing holes in major championships so amateurish that it was difficult to watch without feeling either sympathy or embarrassment?

One tournament in particular has encapsulated the best and worst of Norman. Indeed, over 72 holes at last year's Masters, his whole career was delivered in a cameo. He opened with a 63, equalling the course record, and was so much better than everyone else for three rounds that he was six strokes clear on Sunday morning.

Surely he would now win his first major championship in America? Somehow he managed to lose, becoming the first golfer to throw away such an advantage in one of the four grand slam tournaments with one round to play.

One shudders to think what such a storyline would have done for Faldo or Ballesteros. Faldo would probably not have spoken to anyone for six months; Ballesteros would have conducted a Spanish inquisition that would still be continuing.

Yet Norman, at 42 the oldest of the three, has regrouped so impressively that once more he will turn up at Augusta National Golf Club next week as one of the favourites. He will enter the cavernous press room on Tuesday or Wednesday and patiently answer all questions, whether dumb or illuminating, with such humour and clarity that journalists will still be marvelling over it all at the bar that evening. But the one question that will dominate all copy is the one he has so far been unable to answer: can he finally live up to his status as world number one and deliver the prize that will allow

historians to cast his career in a more favourable light?

Perhaps it is in the nature of such a consuming sport that golfers become obsessed about one or more of the major championships. For Sam Snead, who won more tournaments than anyone else, it was the US Open, the one glittering prize that remained elusive; for Tom Watson it was, nay still is, the USPGA Championship, the title he needs to complete his set of all four majors; for Faldo it is the US Open too, for it gnaws at him that he has been unsuccessful in a championship played on courses that could have been designed with him in mind.

For Norman it is the Masters. He first cast eyes on Augusta in 1981 and instantly proclaimed it as the best course he had seen. He had good reason to fall in love so quickly; he finished fourth that year. It remains the

**Greg Norman now talks with the reverence of a true golf ambassador. The ego is kept in check**

best performance by a non-American on his rookie appearance at the Masters.

The three players who finished above Norman that year were Tom Watson, Johnny Miller and Jack Nicklaus. With his long driving, high iron shots and sure putting stroke, it seemed certain that Norman's time would come. But ever since, there has always been someone.

On five occasions Norman has finished in the winner's enclosure without ever collecting the victor's spoils of a green jacket. Each year he turns up and says that it is his favourite tournament; each year he walks away, experiencing varying degrees of disappointment.

In 1986, he needed to par the final hole to force a play-off with his golfing hero, Nicklaus. A short, pushed five iron approach into the crowd, a shot that would become depressingly familiar when Norman was under pressure, put paid to that.

Twelve months later he did make a play-off, this time against Ballesteros and the unstung local boy, Larry Mize. Ballesteros departed at the first play-off hole, the tenth, and shed copious tears as he walked back to the clubhouse.

At the par four 11th, Norman

was on the putting surface in two, but Mize had hit a weak second and missed the green on the right. He had an awkward looking 140ft chip, over a series of mounds and hollows that made a bogey more likely than a par. Norman was looking at a par at worst, a birdie if he read his 20ft putt correctly.

Mize deliberated forever over his chip. He elected to keep the ball low. Watching this chip now, a decade later, it still seems to take an age to reach the hole. Merrily the ball skipped over the jagged, edgy terrain, on to the green that sloped viciously towards a lake. Ten feet from the hole it was obvious that Mize had judged it perfectly. The ball was running out of pace at just the moment it collided with the flagstick and dropped below ground. Pandemonium.

Norman, who had lost the USPGA Championship the previous August to a holed bunker shot, was again the victim of freak circumstance. Not surprisingly he missed his own birdie attempt to keep the play-off alive. When Mize was invited to try the chip again the following week, at the behest of Golf Digest magazine, he did not get the ball within 10ft of the hole in 10 tries.

Two years on, Norman again bogeyed the 18th hole, again caused by a pushed iron approach, to miss a play-off by a shot - it was becoming a recurring theme. You either ridiculed Norman for his weakness under pressure, for his ill luck, or felt deep sympathy for him, for coming so close so often. Those who fell into the first category were given plenty of ammunition by the man himself. Whenever Norman appeared in a magazine he would be caught in a series of macho poses, forever talking about his "toys" as he called them: his helicopter and other aircraft, boats, motorcycles, and, ho-hum, was it six Ferraris or seven?

"Whenever I read these articles I never recognise you," his wife told him. This was Norman living up to his public image: the Great White Shark, the fearless one. It permeated through his golf as well. He tried for shots that had little chance of success; he went for heroic plays when the situation called for sensible ones. He was unlucky, certainly, but Ballesteros or Faldo would never have allowed the situation to develop where luck became a factor.

So on the one hand you had the male posturing and on the other you had a man who could not hit a five iron straight when he said to: oh, how his critics loved that contradiction.

Talking to Norman face-to-face presents a different picture. He



is amusing company and he talks about golf with the reverence of a true ambassador. The ego is kept in check.

Twelve months ago at Augusta, Norman allowed the public to see this side of him and was surprised by the reaction. To lose a six-stroke advantage at the Masters, after all that happened in previous years, would have melted the hardest heart; but it was Norman's

response that endeared him to a new audience. He readily submitted to a press conference afterwards and spoke with moving humility for almost an hour about what had happened.

When he got home, the fans started pouring in, from people who had witnessed the day's traumatic events and been touched by Norman's dignified response; the lack of tantrums, the absence of self-pity or

bravado. A week after the momentous events of that Sunday afternoon, Norman had received seven times the amount of correspondence that had followed victory in the Open three years earlier.

It is surely not a coincidence that in the year that has passed he has revealed more of the softer side of his character. Ask him about his "toys" and he will not talk about them, saying that

it was a perception of him that was blown out of all proportion.

He returns to the Masters next week as a more complete person. But as a more complete golfer? We shall have to wait and see. If his golf has undergone the same transformation as his personality, he has a chance. For if ever there was a course that rewarded the thinking man rather than the braggart, it is Augusta.

## Horse Racing

## Doyen calls it a day at the races

Today, Peter O'Sullivan covers his 50th and last Grand National. Keith Wheatley reports



The voice of racing: Peter O'Sullivan

Each workplace in the press room at Cheltenham racecourse in Britain bears a label. Press Association, Irish Times, Daily Telegraph. Only one carries the name of a single individual. Peter O'Sullivan, doyen of the racing media, is a voice and by-line that racing fans have grown familiar with over half a century. Today he calls his 50th, and last Grand National, for the BBC. Immaculate in a brown tweed suit, blue shirt and patterned silk tie, O'Sullivan has always cut a distinguished, slightly old-fashioned, figure amid the hacks.

At 79, he claims to be losing his physical and mental agility, hence the voluntary retirement, but in conversation there is little sign of old age.

Our talk is peppered with incoming calls on O'Sullivan's mobile phone, most of them concerning his lifelong financial assault on the bookies.

"I left a message with her ladyship's man-servant that I'd managed to get a monkey [£500] each way," he replies intriguingly to one caller from France.

He can recall almost every bet in a punting career

stretching back to his teens, but says it is becoming less fun now that accountants and shareholders determine the policies of the large bookmakers.

There is almost no scope for "extracurricular" bets nowadays, he laments.

O'Sullivan's favourite "touch" came at the 1960 Grand National. "I'd got a 1,000 to 25 bet on over a year before on a horse called Mer-ryman the Second," he recalls.

"It was the first National to be on television rather than purely covered by radio, so I had the pleasure of calling him home, tipping him in the Daily Express and winning a considerable sum of money. It was just very satisfactory."

As a commentator his greatest gift is an uncanny gift of correctly naming horse and jockey from a sea of colourful silks rounding a bend or creating a rise.

O'Sullivan does a huge amount of homework to learn the identities the night before a race but it is still a rare facility.

"No one has ever matched him as a racing commentator," says Desmond Lyncham, the BBC sports anchorman who has often worked with

O'Sullivan. "Calling horses is a special ability because you have to get it right instantly."

"In sports like golf or cricket there is endless time to bluff but you're doing well at a racecourse if you can spot your own horse."

"And then there is that wonderful voice. When I'm talking next to him I always feel like Mickey Mouse."

There is a touch of his Irish father in O'Sullivan's

**His has been a lifelong financial assault on the bookies**

pronunciation but otherwise it is the slightly drawing English of his class and generation. He grew up on his grandparents' large estate near Reigate, Surrey, his parents having separated when Peter was a child.

After Charterhouse he drifted into journalism via the racing department of the Press Association. It was 1944 and O'Sullivan invested

his entire first week's pay (nine guineas) in a potential fortune-making ante-post double for the following year's 2000 Guineas and Derby.

It failed to come off by a whisker, thus leaving the tyro with all the incentive in the world to let his ambition and talent take him to Lord Beaverbrook's newsroom at the Daily Express.

In the 1950s, that newspaper sold more than 4m copies a day and its editor Arthur "Chris" Christiansen was both a racing enthusiast and newspaperman of true genius. For O'Sullivan it was a marriage made in heaven, although his Fleet Street bosses took a somewhat jaundiced view of his "dabbling" with the new toy of television.

"When my mother used to warn me that I'd burn myself out doing both jobs I used to placate her by promising to give up broadcasting. And I would have done because writing was my real love. I always thought of myself as a journalist rather than a commentator," he says.

In O'Sullivan's autobiography, *Calling The Horses*, he is jocularly dismissive of his microphone skills, writ-

ing: "The most a racing commentator can hope for is to annoy as few people as possible. As an inevitable purveyor of unwelcome tidings, he is not only and intruder of private grief but liable to be held partially accountable for it."

It was ironic that his newspaper career ended sooner than O'Sullivan's time in broadcasting. The later years with the Express were an unhappy story of unappreciated talent. The Daily Mail offered to double his salary but "I prize loyalty above many other things, and my XJ12 Jaguar was rather a nice perk from the Express."

Similarly as a broadcaster he has stuck loyally with the BBC although the corporation's surrender of its former pre-eminence in racing coverage has pained O'Sullivan enormously.

"They've just shrunk away from a sport they used to dominate totally," he says. "In the 1960s, I was wooed very seriously by ITV and offered a great deal of money to change sides, which I refused. If I'd known the corporation was going to lose every classic race, I would have taken the offers far more seriously."

For a man who has seen so many noble horses perish on the steepchase tracks of Europe, O'Sullivan is intensely sentimental about animals, recently going so far as to demonstrate outside the National Farmers' Union headquarters over the export of live ewes to France for halal slaughter.

"I'm very emotional indeed about animals, although at the same time I do support hunting," he admits.

O'Sullivan and his wife Pat for many years owned a poodle named Pucci which became nearly as well-known around Britain's race tracks as the great man himself.

They never had children and although O'Sullivan claims to be a countryman to his boots, the couple have lived a life of urban sophistication for many years based around their luxurious Chelsea mansion flat.

"He is a man of the most enormous style, whether it is the Skeaping pictures on the walls of his house or the way he calls a race," says O'Sullivan's Channel 4 rival and friend Brough Scott.

"No one in racing has ever come near Peter. He is unique."



## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## ■ AMSTERDAM

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## EXHIBITION

Van Gogh Museum Tel: 31-20-5705200  
 ● Art in Vienna: exhibition featuring paintings and applied art from Vienna, spanning the years 1870-1918. Highlights include works by members of the modern art movement Wiener Secession, (with Gustav Klimt as its most important representative) and portraits by the Expressionist artists Egon Schiele and Oskar Kokoschka. The display also examines the work of the design institute Wiener Werkstätte, featuring furniture by Josef Hoffmann, silver objects by Kolo Moser, and designs for the Viennese Art Nouveau magazine Ver Sacrum; to Jun 15

## ■ ANTWERP

## EXHIBITION

Koninklijk Museum voor Schone Kunsten Antwerpen Tel: 32-3-2387808  
 ● Vlaamse Miniaturen voor Vorsten en Burgers, 1475-1550: exhibition covering the years 1475-1550, a period in which Flemish miniaturists developed a unique style that served as a source of inspiration for many other artists, both in Flanders and abroad; from Apr 11 to Jun 22

## ■ ATHENS

## CONCERT

Athens Concert Hall Tel: 30-1-7282333  
 ● Royal Stockholm Philharmonic Orchestra: with conductor Andrew Davis and violinist Leonidas Kavakos perform works by Schubert, Beethoven and Mikrotisikos. Part of the Schubert-cycle; Apr 12, 13

## ■ BARCELONA

## EXHIBITION

Fundació Antoni Tàpies Tel: 34-3-4870315  
 ● Marcel Broodthaers Cinema: exhibition focusing on the role of film in the work of the Belgian artist who used the medium throughout his career as a device for questioning the nature of art, its function and the context in which it is produced and exhibited; from Apr 10 to Jun 15

## ■ BEIJING

## CONCERT

International Art Palace Tel: 86-10-5133338  
 ● Sui Xin: the pianist performs works by Beethoven, Chopin and Liszt; Apr 10

## ■ BERLIN

## DANCE

Staatoper Unter den Linden Tel: 49-30-20354438  
 ● Don Quixote: a choreography by Patrice Bart after Petipa to music by Minkus, performed by the Staatsoperballett; Apr 6

## OPERA

Deutsche Oper Berlin Tel: 49-30-3438401  
 ● Der Rosenkavalier: by R. Strauss. Conducted by Jiri Kout, performed by the Deutsche Oper Berlin. Soloists include Keran Armstrong, Yvonne Wiedstrück, Lenus Carlson and Lucy Peacock; Apr 6

## ■ BRISBANE

## EXHIBITION

Queensland Art Gallery Tel: 61-7-3840-7333  
 ● Paris in the Late 19th Century: exhibition examining Parisian cultural, social and political life in the 1890s. On display are 250 paintings, sculptures, prints, posters, photographs, decorative arts and jewellery by some of the leading names in art during that influential decade, including Monet, Renoir, Gauguin, Cézanne, Toulouse-Lautrec and Pissarro; to May 18

## ■ BRUSSELS

## CONCERT

Palais des Beaux-Arts Tel: 32-2-5078200  
 ● Orchestre National de Belgique: with conductor Yuri Simonov and violinist Viktor Tretakov perform works by Berlioz, Chausson, Ravel and Beethoven; Apr 11

EXHIBITION  
 Musée royal des Beaux-Arts de Belgique - Musée d'Art Ancien Tel: 32-2-5083211  
 ● Paul Delvaux: thematically organised retrospective devoted to the work of the Belgian artist featuring about 120 paintings and 130 works on paper from international collections. Also on display are letters, photographs, souvenirs and other documents, including 21 of Delvaux's sketch books; to Jul 27

## ■ CARDIFF

## CONCERT

St David's Hall Tel: 44-1222-878444  
 ● Andy Sheppard and John Harle: the saxophonists perform works by Debussy, Nyman, Bley, Sheppard and Harle; Apr 12

## ■ CHICAGO

## EXHIBITION



Andrew Davis conducts the Royal Stockholm Philharmonic Orchestra in Athens. Part of the Schubert-cycle

Art Institute of Chicago Tel: 1-312-4438000  
 ● Drawings Rediscovered: Italian Drawings Before 1900 in The Art Institute of Chicago: selection of 15th and 16th-century drawings from the museum's own collection. On display are works by Botticelli, Boccaccio, di Cosimo, Pontorno and a recently identified piece by Raphael; from Apr 12 to Jun 22

## ■ CLEVELAND

## EXHIBITION

Cleveland Museum of Art Tel: 1-216-421-7340  
 ● Fabergé in America: display drawn from 32 American collections and including over 400 examples of pieces by Peter Carl Fabergé, court jeweller to the last two Russian tsars and best known for his gilded jewelled eggs; to May 19

## ■ COLOGNE

## JAZZ &amp; BLUES

Kölner Philharmonie Tel: 49-221-2040628  
 ● Juliette Gréco: performance by the singer accompanied by guitarist Barthélémy Ruffo, pianist Gérard Jouannet and percussionist Gérard Gasnier; Apr 7

## ■ COPENHAGEN

## OPERA

Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69  
 ● Tosca: by Puccini. Conducted by Jan Latham-Koenig, performed by the Royal Danish Opera. Soloists include Inga Nielsen, José Azocar and John Wegner; Apr 12

## ■ DUBLIN

## CONCERT

National Concert Hall Tel: 353-1-6211888  
 ● National Symphony Orchestra of Ireland: with conductor Vladimir Altschuler and violinist Vesko Eshkenazy perform works by Mendelssohn, Dvorák and Brahms; Apr 11  
 ● Zürich Tonhalle Orchestra: with conductor David Zimmern and pianist Radu Lupu perform works by Beethoven and Schubert; Apr 10

## ■ DUSSELDORF

## EXHIBITION

Kunsthalle Düsseldorf Tel: 49-211-8996240  
 ● Michael Wübel - Der russische Symbolist: retrospective exhibition devoted to the work of the Russian Symbolist artist Michael Wübel (1856-1910). The show features approximately 30 paintings, 150 works on paper and 20 ceramics; to Apr 13

## ■ FRANKFURT

## CONCERT

Alte Oper Tel: 49-69-1340400  
 ● José Carreras: performance by the tenor accompanied by pianist Lorenzo Baval. The programme includes works by Scarlatti, Bononcini and Mercadante; Apr 10

## EXHIBITION

Jahrhunderthalle Hoechst Tel: 49-69-3601240  
 ● Das Städtische Kunstinstitut und das Museum für Moderne Kunst im Dialog: a joint exhibition of contemporary art organised by the Städtische Art Institute and the Museum für Moderne Kunst. Artists with work on display include Baylis, Giacometti, Klein, Stominski and Uecker; to Apr 13

## ■ GENOA

## JAZZ &amp; BLUES

Teatro Carlo Felice Tel: 39-10-589329  
 ● Ornette Coleman: performance by

the jazz saxophonist; Apr 9

## ■ HAMBURG

## CONCERT

Musiktheater Hamburg Tel: 49-40-346820  
 ● Vogler Quartet: perform works by Brahms and Schubert; Apr 11, 12

## ■ LAUSANNE

## EXHIBITION

Fondation de l'Hermitage Tel: 41-21-3205001  
 ● Du Greco à Mondrian: exhibition of the private collection of Rolf and Margit Wenzel, consisting of 80 paintings, drawings and objects. On display are works by artists including Toulouse-Lautrec, Seurat, Degas, Cézanne, Gauguin and Picasso; to Apr 27

## ■ LISBON

## CONCERT

Grande Auditório da Fundação Gulbenkian Tel: 351-1-7955151  
 ● Orquestra Gulbenkian: with conductor Mihail Tancu, soprano Olga Borodina and baritone Dimitri Hvorostovsky perform works by Tchaikovsky, Rimsky-Korsakov, Saint-Saëns, Donizetti and Rossini; Apr 11

## ■ LONDON

## CONCERT

Royal Festival Hall Tel: 44-171-9604242  
 ● Academy of St Martin in the Fields: with conductor Kenneth Sillito and tenor Keith Lewis perform works by Haydn, Britten and Schubert; Apr 8  
 ● Philharmonia Orchestra: with conductor Alexander Lazarev and pianist Eugene Mursky perform works by Sibelius, Rachmaninov and Mussorgsky; Apr 8

## EXHIBITION

Barbican Art Gallery Tel: 44-171-6384141  
 ● Modern Art in Britain 1910-1914: sequel to the 1995 'Impressionism in Britain' exhibition, revealing the extraordinary range of modern European art exhibited in Britain during the years leading up to the first world war. On display are works by Cézanne, Gauguin, Van Gogh, Matisse, Derain, Picasso and Severini alongside pieces by the British artists they influenced, including Vanessa Bell, Roger Fry and Duncan Grant; to May 26  
 ● Dulwich Picture Gallery Tel: 44-181-8935254  
 ● The Inner Eye: exhibition examining

the dreams and fantasies that have inspired artists from the Middle Ages to the present day. Featured artists include Blake, Colishaw, Ernst, Goya, Kandinsky, Klee and da Vinci; from Apr 10 to Jun 1

## MUSIC PERFORMANCE

St Martin-in-the-Fields Church Tel: 44-171-9300089  
 ● London Mozart Players: with conductor Daniel Spalding, pianist Gabriela Imreh and violinist Helen Lindenberg perform works by Vivaldi, Mozart and Bach; Apr 11

## THEATRE

Lyttelton Theatre Tel: 44-171-9210631  
 ● Lady in the Dark: by Hart to music by Gershwin and Weil. Directed by Francesca Zambello. The cast includes Charlotte Collingwood, Peter Cornican and Charlotte Cornwell; Apr 9, 10, 11, 12

## ■ LYON

## EXHIBITION

Musée des Beaux-Arts de Lyon Tel: 33-4-72 10 17 40  
 ● Kees van Dongen, Œuvre sur papier (1895-1914): the first exhibition devoted specifically to van Dongen's works on paper, featuring 90 drawings, gouaches and watercolours, as well as over a dozen of the artist's paintings and works by friends and contemporaries, including Steinlen, Signac, Picasso, Derain, Toulouse-Lautrec, Marquet and Matisse; to Apr 6

## ■ MADRID

## EXHIBITION

Fundación Cultural Mapfre Vida Tel: 34-1-5811828  
 ● La Pintura Simbolista en España: display of 60 works by more than 30 Spanish artists from the second half of the 19th century, including Rusch, Nonell, Néstor, Vladrík, Egusquiza and Camarero; to Apr 6

## MUSIC PERFORMANCE

Fundación Juan March Tel: 34-1-4354240  
 ● Gauguin Piano Trio: with violinist Ramon San Millán, cellist Alice Hyang and pianist Tulliana Postnikov, perform works by Haydn, Castillo and Beethoven; Apr 7

## ■ MILAN

## OPERA

Teatro alla Scala di Milano Tel: 39-2-88791  
 ● Il Turco in Italia: by Rossini. Conducted by Paul Cornelly,

performed by the Orchestra e Coro del Teatro alla Scala. Soloists include Gloria Banditelli, Antonia Brown, Mariella Devia and Laura Polverelli; Apr 8, 10

## ■ MUNICH

## DANCE

Cuvillée-Theater - Altes Residenztheater Tel: 49-89-296836  
 ● Giselle: choreographed by Mats Ek to music by Adam, performed by the Bayerische Staatsballet; Apr 12

## OPERA

Cuvillée-Theater - Altes Residenztheater Tel: 49-89-296836  
 ● Ariadne auf Naxos: by Strauss. Conducted by Marek Janowski and performed by the Bayerische Staatsoper. Soloists include Susan Graham, Susanne Elmark and Felicity Lott; Apr 10

## ■ NEW YORK

## CONCERT

Avery Fisher Hall Tel: 1-212-875-5030  
 ● New York Philharmonic: with conductor André Previn and pianist Emanuel Ax perform works by Berlioz, Chopin and Schumann; Apr 9, 10, 11, 12  
 Carnegie Hall Tel: 1-212-247-7800  
 ● Mitsuko Uchida: the pianist performs works by Berg, Schumann and Beethoven; Apr 8  
 The Walter Reade Theater Tel: 1-212-875-5800  
 ● Frederic Chiu: the pianist performs works by Chopin, Schubert, Liszt and Mendelssohn; Apr 8

## EXHIBITION

The Metropolitan Museum of Art Tel: 1-212-879-5500  
 ● The Florens M. Schoenborn Bequest: 12 Artists of the School of Paris: a display of 21 major 20th century works given to the Museum by Florens M. Schoenborn. The artists featured include Brancusi, Braque, de Chirico, Dubuffet, Matisse, Miró, Picasso and Rouault; to May 4  
 The Pierpont Morgan Library Tel: 1-212-885-0008  
 ● Around Tiepolo: Eighteenth-Century Venetian Drawings in The Pierpont Morgan Library: featuring approximately 20 works from the library's extensive collection of drawings by 18th century Venetian artists including Sebastiano, Marco Ricci, Piazzetta, Canaletto, Fontebasso, Guardi and Piranesi; to Apr 13

## ■ PARIS

## CONCERT

Cré de la Musique Tel: 33-1 44 84 45 00  
 ● Chamber Orchestra of Europe: with conductor Emmanuel Krivine and pianist Maria-João Pires perform works by Stravinsky, Chopin and R. Strauss; Apr 12  
 Notre-Dame de Paris Tel: 33-1 42 34 56 10  
 ● Orchestre National de Lille: with conductor Jean-Claude Casadesu and organ-player Philippe Lefebvre perform works by Poulenc, Dutilleul and Saint-Saëns; Apr 11  
 Théâtre du Châtelet Tel: 33-1 42 33 00 00  
 ● Staatskapelle Berlin: with conductor Daniel Barenboim and violinist Maxim Vengerov perform works by Stravinsky and Beethoven; Apr 12

## EXHIBITION

Centre Georges Pompidou Tel: 33-1-44 78 12 33  
 ● Jean Tinguely: exhibition of pieces by the Swiss sculptor whose work was heavily influenced by Dada and Surrealism, producing purposely amateur machinery as a satire on the new technological world; to Apr 21  
 Galeries Nationales du Grand Palais Tel: 33-1-44 73 17 17  
 ● Paris-Bonnelles/Bruxelles-Paris: exhibition focusing on the artistic relation and exchange between

Belgium and France from 1848 to 1914. Attention is paid to both visual and decorative arts, architecture, literature and music, ranging in styles from Realism and Impressionism to Symbolism and Art Nouveau; to Jul 14

## ■ PHILADELPHIA

## EXHIBITION

Rosenbach Museum & Library Tel: 1-215-732-1600  
 ● Bram Stoker's Dracula: A Centennial Exhibition: exhibition marking the 100th anniversary of the publication of Bram Stoker's Dracula. On display is a collection of Stoker's manuscript notes and outlines for the novel, shown alongside photographs, letters and other objects of interest; from Apr 10 to Nov 2

## ■ SAN FRANCISCO

## CONCERT

Louise M. Davies Symphony Hall Tel: 1-415-864-8000  
 ● San Francisco Symphony: with conductor Michael Tilson Thomas and viola-player Yuri Bashmet perform works by Schubert, Bartók, Feldman and R. Strauss; Apr 9, 10, 11, 12

## ■ SEVILLE

## OPERA

Teatro de la Maestranza Tel: 34-5-4223322  
 ● Il Barbiere di Siviglia: by Rossini. Conducted by Alberto Zedda, performed by the Real Orquesta Sinfónica de Sevilla and the Coro de Sevilla. Soloists include Leo Nucci, Cecilia Gasdia, William Matteucci and Ruggero Raimondi; Apr 11

## ■ STOCKHOLM

## CONCERT

Stockholms Konserthus Tel: 46-8-7860200  
 ● Gideon Kremer: performance by the violinist accompanied by Oleg Melsenberg. The programme includes works by Schubert and Kancheli; Apr 12

## ■ THE HAGUE

## CONCERT

Dr Anton Philipszaal Tel: 31-70-3607927  
 ● Grieg Trio: with viola-player Lars Anders Tomter perform works by Mendelssohn and Brahms. Part of the Brahms Festival '97; Apr 11

## ■ THESSALONIKI

## OPERA

Thessaloniki Cultural Capital '97 Tel: 30-51-867860-6  
 ● Il Trovatore: by Verdi. Conducted by Ilias Voudouris, performed by the Greek National Opera, at the State Theatre of Northern Greece; Apr 6, 8, 10

## ■ TOKYO

## CONCERT

Suntory Hall Tel: 81-3-35849999  
 ● The Japan Philharmonic Symphony Orchestra: with conductor Luis Frimau, Shigeo Neriki and organist Keiko Inoue perform works by Ravel and Saint-Saëns; Apr 10, 11

## ■ TORONTO

## EXHIBITION

Art Gallery of Ontario Tel: 1-416-978-6648  
 ● The Symbolist Prints of Edvard Munch: Prints from the Collection of Vivian and David Campbell: exhibition of 58 prints by the Norwegian artist including "The Scream", "Tingle-Tongue" and "Melancholy Girl on Shore" as well as versions of well-known pieces such as "Two People (The Lonely Ones)", "Madonna", "The Sick Child" and "Vampire"; to May 25

## ■ VIENNA

## EXHIBITION

Kunsthof der Bank Austria Tel: 43-1-5320644  
 ● William Turner. Die Retrospektive: exhibition devoted to the work of the British painter, with the main focus on the landscapes, seascapes and historical paintings which Turner created throughout his career. The display features some 70 paintings with a further 70 works on paper; to Jun 1

## OPERA

Volksoper Wien Tel: 43-1-514442960  
 ● Don Giovanni: by Mozart. Conducted by Bertrand de Billy and performed by the Volksoper Wien. Soloists include Papoulias, Ranzow and Lienbacher; Apr 11

## ■ WASHINGTON

## EXHIBITION

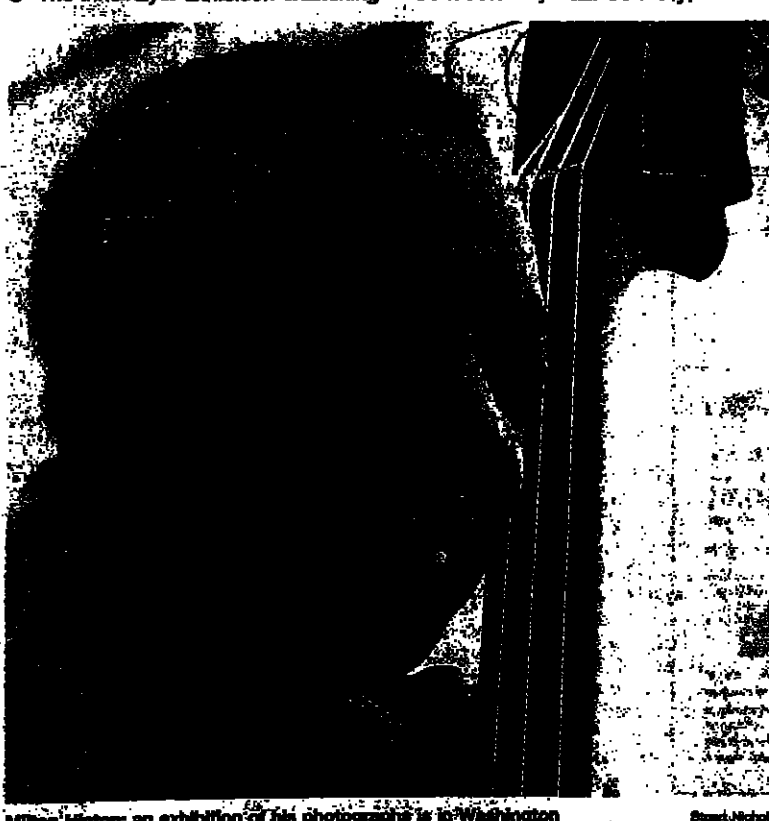
Corcoran Gallery of Art Tel: 1-202-638-3211  
 ● Milt Hinton: Jazz Photographers: exhibition of photographs by Hinton who developed his photography career as a hobby while touring as a freelance musician during the late 1920s and early 1930s. Over six decades, his collection grew to over 40,000 images depicting an extensive range of jazz artists and popular performers in settings on the road, in recording studios, at parties and at home; to Jun 1

## ■ ZURICH

## CONCERT

Tonhalle Tel: 41-1-2063434  
 ● Orchester der Königlichen Musikhochschule in Stockholm: with conductor Paavo Berglund and trumpeter Hakan Hardenberger perform works by Strindberg, Haydn and Stenhammar; Apr 11

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Milton Hinton: an exhibition of his photographs is in Washington

Stockholm



# Weekend Investor

Wall Street

## Volatility points to more bad news

Investors are nervous as they feel a certain tightening, writes Tracy Corrigan

In just a couple of weeks, the US stock market has given up the gains of the first three months of the year. Investors are nervous that last month's half point interest rate increase will be followed by further rate tightening. And, shaken by recent volatility, they are bracing themselves for more bad news, as US companies report their first quarter earnings in the next few weeks.

First quarter corporate earnings are typically closely watched, but this quarter will be monitored more tightly than usual. Last year, as the stock market powered ahead, some analysts started to worry that corporate earnings growth would not be strong enough to support higher valuations.

But the US economy has turned out to be stronger than many analysts had expected. While the prospect of more interest rate rises as a result of increased inflationary pressures has depressed the stock market, the current strength of the economy should help buoy earnings.

Abby Cohen, the Goldman Sachs strategist who was one of the few to call last year's strong bull market, remains guardedly optimistic.

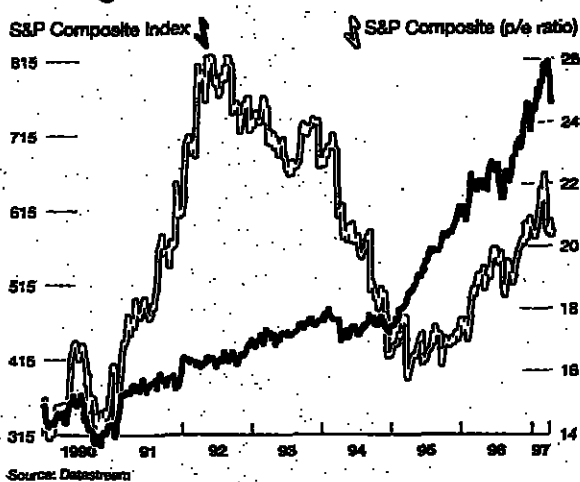
"It's likely that when all is said and done there will be more positive than negative surprises," in the coming earnings season, she said. She is also looking for an 8-10 per cent increase in operating profits for the quarter and for the year.

The stock market still looks highly valued on a historical basis, relative to last year's earnings (see chart). But Cohen believes that at around 16 times this year's estimated earnings the market looks reasonably valued.

There is already some circumstantial evidence that the earnings season is likely to be robust. When companies realise that their earnings will be substantially out of line with analysts' estimates, they sometimes make "pre-announcements" - public statements designed to alert shareholders to earnings surprises.

Understandably, compa-

### Testing time for stocks



panies are more likely to alert shareholders to bad news.

According to Jeff Applegate, Lehman Brothers' strategist, around 170 out of 5,000 companies have made pre-announcements, which is on target for a standard crop of 200 to 300 such statements. Applegate says pre-announcements mean bad news, and there is only a normal amount of it.

There has been some concern about weakness of multinational companies' overseas operations, particularly given the impact of the strong dollar on US companies' competitiveness. Cohen is more concerned about the continuing economic weakness of some of the US's trading partners. A few, such as Eastman-Kodak, have already warned about weakness in overseas operations.

But for most, Cohen believes, the impact will largely be offset by the strength of the US economy. There has also been some disappointing news within certain product categories in the technology sector, but "there have always been product cycle disruptions in technology", according to Cohen, and earnings in the sector will broadly be strong, she predicts.

For those who are concerned about the market slide and fear further rate rises, worries about earnings remain.

William Helman, a Smith Barney strategist, believes that profit expectations appear ambitious. "Declining earnings expectations are not necessarily

negative for the overall equity market if the expectation decline is gradual, not hitting too many companies at once, and if the monetary climate is favourable. But "given expectations, an overall profit decline that followed or accompanied a period of tight money would most probably result in a bear market."

Would a strong earnings season be enough to prop up the ailing market? It would help, but nerves about interest rates are likely to continue to afflict the market. "While the Fed has acted too late to impact the 1997 earnings outlook, if the Fed were to pursue a course of tightening, 1998's earnings growth could come into jeopardy," says Edward Kerschner, a Paine Webber analyst.

"On earnings, the market is pretty close to fair value, but it's still expensive compared with bonds," said Applegate. "If there are signs of further (rate) tightening, and the bond market (continues to weaken) then the equity market will struggle."

Cohen remains unshaken, arguing that some investors have been unduly perturbed by recent weakness, because they had become accustomed to an abnormally smooth market progression.

**Dow Jones Ind Average**  
Monday 6583.48 - 157.11  
Tuesday 6611.05 + 27.57  
Wednesday 6517.01 - 94.04  
Thursday 6477.35 - 38.66  
Friday

London

## Correction can be painless

But, Ross Tieman wonders: will it stay that way?

Alan Greenspan is apparently on his way to achieving something truly extraordinary: a painless market correction. Is the chairman of the US Federal Reserve a magician, an illusionist, or simply a new-fangled schoolmaster?

First the facts. With the benefit of hindsight, we can now see that Tuesday, March 11 was a turning point for markets on both sides of the Atlantic.

US investors became increasingly alarmed at Greenspan's repeated warnings that interest rates would have to rise, and stopped pushing share prices higher. The Dow Jones Industrial Average peaked that Tuesday at 7085.16. It has since shed some 600 points, or more than 8.5 per cent of its value.

But the scale and nature of the correction were blurred by the erratic nature of the descent. The index has

fallen a bit, recovered, fallen some more, and so on.

It was only the Easter holiday rout in New York that convinced strategists that a fundamental shift was under way. US investors revised their view that Greenspan's quarter point interest rate increase of March 25 would be sufficient to quell the danger of overheating in the US economy. Rather, they concluded another quarter point rise, or possibly two, might be required.

After two days of losses totalling 197 points on Wall Street, on Tuesday this week European shares took a nose-dive. The FTSE 100 ended the day off its worst, but down 64.8 at 4348.1. The trend has been downward ever since.

The linkage between London prices and those on Wall Street has rarely been more apparent. As the chart shows, the FTSE 100 index has tracked Wall Street all the way. If the Dow closes

down, the FTSE opens lower. If the Dow has a good day, the FTSE opens up.

The FTSE 100 index peaked at 4444.3 on March 11. It is interesting to note that London share prices on that day were hit by a big programme trade heavily weighted toward the sell side. A fine piece of judgment by someone.

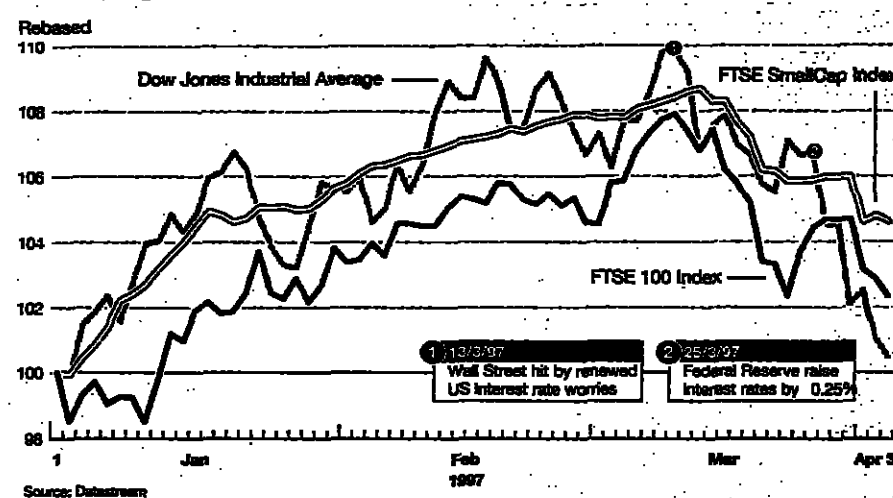
In a series of bumps and bounces, the index has since fallen more than 200 points, shedding more than 5 per cent of its value. Tim Brown, a global strategist at UBS, says: "We have had a relatively painless correction." Painless, thus far, that is. The question is, how much more is to come?

The more modest fall in the FTSE 100 than the Dow may prove significant. It is all the more telling because if US share values are translated into sterling, the Dow is off more than 10 per cent. Many FTSE 100 stocks are traded on both sides of the



Greenspan has been schooling the markets

### Following on, but SmallCap proves more stable



### Highlights of the week

	Price / day	Change on week	52 week High	52 week Low	
FTSE 100 Index	4338.6	-76.3	4444.3	3612.6	Interest rate worries
Airports	9401%	-46	1043%	361	Carnival not bidding
Ariston	215	+15	225%	134	Selling Daimler for 250m
BP	670%	-36	780	535	Broker caution
British-Borneo	1381%	-107	1542%	319%	Disappointing Gulf of Mexico news
Drew Scientific	195	+107%	202%	19%	Analysts presentation
Harnden-Stuart	147%	+15	163	119	Upbeat statement
Laird Group	393%	+40	502	344%	Good results
PizzaExpress	666%	-63	820%	216	Takeover talk fades
PowerGen	616	+23	664	462	Yield considerations
Premier Oil	40	+4%	43%	26%	Bid speculation
Racal Group	447%	+24%	547	368	Disposal to Carlton
Reunition Mining	138	+12%	139%	56	Upbeat statement
Rolls-Royce	245	+17	270	184%	Bid talk/news orders
Yule Catto	356%	-13%	399	305	Disappointing figures

Atlantic. So a fall in their Wall Street price is exactly matched by a movement in London. So why has the value of companies in the FTSE 100 fallen only half as much as those in the Dow? It may be that the Americans have marked down shares in UK companies less aggressively than shares in US stocks, assuming they will suffer less from a rise in US interest rates.

Or it may be that the UK market is better underpinned by fundamentals. Overall, share prices in London have fallen even less than those of FTSE 100 stocks. The FTSE All Share Index is down by 4.5 per cent since March 11; the FTSE Small Cap Index by less still.

Michael Hughes, head of strategy at brokers BZW, says: "What is notable is the absence of selling. There may be a reluctance to buy, but there are few people who are sellers." If he is right, what we are seeing is essentially a mark-down, not a sell-off. People who are selling UK equities, he says, are in the main buying UK bonds instead.

All this brings us back to the theory that UK equities, on a prospective p/e of around 14.5, are not fundamentally over-priced. And that the outlook for the UK economy is still positive. Various bits of economic data this week have reinforced the belief that the FTSE 100 deserves to end the year at around 4,300, and to maintain progress thereafter. But the long shadow cast by the UK general election on May 1 has prolonged

uncertainty about the scale of the next move in UK interest rates.

The market still appears not to care who wins the election. The publication of election manifestos by the three main parties: Conservative, Labour and Liberal Democrat, caused not a ripple. But only a newly-elected Chancellor can take the unpopular but necessary decision to put up interest rates, or taxes, or both.

Until the scale and mix of changes to the UK economic environment is known, the London market will continue to take its punishment, like Wall Street, at the hands of the bond markets.

After a pause at the beginning of the year, bond yields started rising again in mid-February. The yield on the US Treasury 10-year benchmark bond has since risen from about 6.3 per cent to more than 6.6 per cent - suggesting at least one more rise is already discounted. Gilt yields have moved in step, from less than 7.2, on the UK Treasury 10-year bond, to around 7.7 per cent.

Market strategists suggest the relationship between bond market yields and equities is now a more comfortable one. "I don't think any of the world markets looks dramatically over-priced," says Brown.

So, by preceding action by warnings, perhaps Greenspan has schooled the markets to achieve the correction he sought without pain.

Barry Riley



## Reasons beyond our Ken

Don't blame the chancellor for events elsewhere

Distance lends perspective, although not necessarily enlightenment, to the view. Returning after a six-week break, I find that sentiment in the markets has changed radically. But the new environment of rising interest rates and weak share prices scarcely comes as a surprise.

Now is a good moment for standing back and reviewing progress because, conveniently, we have completed the year's first quarter. It began well for share prices, with the late-1996 momentum being maintained healthily, but both the Dow Jones average and the FTSE 100 index eventually peaked on March 11, with 1997 advances of 10 and 8 per cent respectively. Since then, the gains have been slashed to 1 and 2 per cent respectively. It has proved to be a false start.

Meanwhile, the world's second-biggest stock market, in Tokyo, has been having a predictably tough time and is down about 10 per cent in dollar terms. The interminable banking crisis there is now boiling up into a more active phase, with a formal rescue operation being launched this week for the ailing Nippon Credit bank. The cheap liquidity being pumped out of Japan and continental Europe, which has served already to devalue their currencies and fuel asset price inflation elsewhere, finally is generating an acceleration of global economic growth. The US and UK are at the sharp end of this process,

and an obvious result has been growing tension in the fixed interest markets. The US long Treasury bond yield has risen by nearly 0.5 per cent since the year-end, to more than 7 per cent, while Japanese government bond yields have been stuck below 2.5 per cent. The US economy remains buoyant and, on March 25, the Federal Reserve at last implemented its threatened

rates should go up. Earlier optimism in the gilt-edged market, that there would be no substantial pre-election boom, helped the yield on 10-year UK government bonds to dip from 7.5 per cent at the year-end to 7.1 per cent in February. But the yield has now jumped sharply to 7.7 per cent as inflationary fears have grown.

There are no election uncertainties in the US.

A bull market led, until very recently, by financial services stocks, has never looked totally convincing

quarter-point rise in short-term dollar rates. As for the UK, monetary policy remains paralysed during the election campaign but the scale of the boom is becoming clear. Ministers are boasting about rapid house price inflation, and Wednesday brought news of a leap in consumer credit growth in February.

Perhaps there are some Conservative votes to be gained here, but the money market yield curve now reflects the expectation of half a percentage point increase soon after the May 1 poll. On the one hand, the Tories want to emphasise the strength of the economy. But if the economic statistics emerging during the campaign continue to be so strong, Kenneth Clarke, the chancellor, will run the risk of being portrayed as irresponsible for turning down the Bank of England's repeated advice that short-term interest

however, so there is something of a puzzle about the disproportionate effect on Wall Street of the minor rise in short-term dollar interest rates. Should not such an increase - which had been hinted at regularly by Alan Greenspan, the Fed chairman, since December - have been anticipated? Certainly, you would normally assume that long-term investors in bonds and equities would be little affected by minor fluctuations in money market rates. So vulnerability to a quarter-point increase is tell-tale evidence of the active participation of speculators using borrowed money.

When the Fed last raised interest rates after a lengthy period of stability, back in February 1994, the result was a sharp crash in the bond market. The long bond yield soared from 6.2 to 7.6 per cent within three and a half months, but the

equity market dipped only quite modestly. This time around, the US bond market has been much steadier, although it has weakened somewhat. Instead, it is clear that the speculation has been focused on US equities, where the technology hot stocks have taken a particular pasting.

London has never had the same sort of technology boom, and stock market values have never become quite so overstretched as on Wall Street, so the recent shake-out has been a little milder than that in the US. But a bull market led, until very recently, by financial services stocks has never looked totally convincing. Now, London faces a glut of new bank and life assurance paper, while an early Labour Budget would certainly impose a windfall tax on utilities, and possibly other anti-corporate and anti-investor tax measures. In the UK we must be careful not to attribute too much market influence to our bickering and attention-seeking politicians. Out there in the real world, much more important things are happening: Japan's financial crisis seems worrying but, perversely, it will be when the crisis is over that yen interest rates will be raised from a present 0.5 per cent and liquidity will tighten around the globe as speculators scurry to unwind their yen-financed positions in bonds and equities. Fortunately, perhaps, the Japanese problems will persist for a while. So relax, Kenneth Clarke. If a worse shake-out happens, you should not bear too much of the blame.

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## WEEKEND INVESTOR

## Directors' dealings Busiest week of the year so far

The market bounced back this week and made up some of the ground lost last week, despite the US interest rate rise, writes Lucy Hulse.

Better than expected results from retailing companies helped the upward move and with the reporting season in full swing and the end of the financial year, this was the busiest week of the year so far for directors' dealings.

There was much buying in

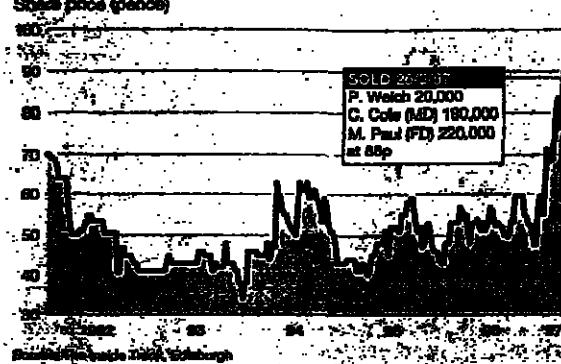
Bernard Matthews, the turkey products group, where four directors, including the chairman, bought 144,000 shares between them at 120-122p each.

Results last week showed profits up 20 per cent to £22.8m but the shares fell back.

There was a large purchase at Nestlé-BNA, the healthcare group, where Justin Jewitt, the UK managing director, bought

### WSP Group

Stock price (pence)



153,846 shares at 130p. This follows final results which showed profits down considerably on last year but the chairman remains confident of the group's prospects.

In WSP Group, three directors sold 420,000 shares

between them at 88p per share. Although they each sold more than 10 per cent of their holdings, after such a good set of results, it is possible that the sales were made to help meet market demand.

Company	Sector	Shares	Value £000	No of directors
Sales	HG0d	7,150	17	1
Alba	EESE	34,500	16	1
Arks	EESE	1,500	15	1
Bardley	EESE	10,000	98	1
Bordar Television	EESE	3,300	11	1
BPE Inds	EESE	10,000	12	1
British Empire Secs	EESE	200,000	90	1
Card Clear	EESE	19,584	84	1
Close Brothers Grp	EESE	25,000	35	1
Costa Vysile	EESE	30,000	81	1
Conrad Parker	EESE	54,325	181	1
Domino Print Sci	EESE	8,000	107	1
Handerson Group	EESE	85,000	155	1
Jarvis	EESE	4,800	13	1
Litho Supplies	EESE	5,000	12	1
MALD	EESE	5,000	10	1
Marsdale Brewery	EESE	4,980	12	1
Marston Thompson	EESE	4,040	12	1
Menier-Swain	EESE	4,000	25	1
Mora	EESE	40,000	340	1
Osborne & Little	EESE	12,500	17	1
Polymase Pharm	EESE	100,000	415	1
Rentall Inds	EESE	20,000	45	1
Shire Pharm Group	EESE	5,000	25	1
Trinity Int Hldgs	EESE	847,377	2988	1
TT Group	EESE	100,000	1188	1
Wetherston (LD)	EESE	2,000	12	1
WSP Group	EESE	420,000	370	3
Zetelone	EESE	77,732	177	3
Albright & Wilson	EESE	9,875	15	1
Arks	EESE	45,000	22	1
Bebock Int	EESE	20,000	12	1
Barrat Development	EESE	100,000	267	1
Bath Press	EESE	142,820	25	1
Chamberlain & Hill	EESE	10,000	14	1
Compco Hldgs	EESE	40,000	58	1
Country Gardens	EESE	15,000	25	1
Courtside	EESE	9,000	25	1
Elec	EESE	100,000	15	1
Ellott (S)	EESE	30,000	20	1

Company	Sector	Shares	Value £000	No of directors
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\*Dividends are shown net of tax and are adjusted for any intervening splits. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. 7 1st quarter, 8 2nd quarter, 9 3rd quarter, 10 4th quarter. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

### New issues

Tuesday's long-awaited debut of Newcastle United on the stock exchange was a good deal less impressive than the Premier League football club's performance on the pitch, writes Roger Taylor.

The shares, floated at 135p, rose modestly to 140p on the first day but then drifted down to close at 136p by the end of the week.

The lacklustre showing reflected the subdued mood of the football sector, where shares have fallen sharply over the past two months. Another club, Bolton Wanderers, announced plans this week to come to market through a reverse takeover by Mosaic Investments.

Shares in Mosaic, a small catering supplies company, were suspended last month

at 51.5p, pending the deal. Two companies confirmed plans to list on the Alternative Investment Market, the junior stock market.

NMT Group, which has designed a new and safer form of syringe, has raised £10m from a placing of shares at 50p, valuing the company at about £20m. The money will be used to build a manufacturing plant to put the new syringe into full production.

While it will not go on sale until late next year, the company hopes to be profitable by mid-1999. It does not expect to have to raise more funds before then.

Methven, the book retailer also announced it would come to Aim via a placing and offer of shares designed to raise £1.45m.

Copyco is planning a flotation on AIM. Highland Timber is to raise more than £10m via a placing and offer on AIM. Matthews is to raise £1.45m via a placing and offer of 8.45m shares on AIM. Parkview Holdings is seeking a placing.

### In the Pink

## A single currency will be in trouble from day one

As EU countries battle to meet the Maastricht convergence criteria, Brian Reading predicts Emu plans will be axed or altered

Brian Reading is a director of Lombard Street Research

While everyone is wondering if the European single currency will start on time and which countries will be in it, nobody seems concerned with what will happen if it does.

The Maastricht treaty's madness is that it targets overall budget deficits with regard for whether they are bloated because countries are having recessions, or shrunken because they are booming. The relationship between the budget and the economy is a two-way street. Tax rises and public spending cuts reduce budget deficits but depress economies; economic recessions lower tax revenues and raise public spending, so increasing budget deficits.

Economists, therefore, split budget balances into two parts: the structural balance, which measures what governments are doing to taxes and spending; and the cyclical balance, which measures the effect of the economy on the budget.

When an economy is neither overheating nor stagnating, the cyclical balance is zero and the overall balance equals the structural balance. Targeting overall budget deficits ignores the effect of the economy on the budget. This matters when countries are marching out-of-step through the business cycle.

Suppose two countries have structural budget deficits of 2.5 per cent of gross domestic product (GDP), but that one is in recession with a cyclical deficit of 2 per cent of GDP while the other is booming with a cyclical

surplus of 1 per cent.

The booming country would have an overall deficit of only 1.5 per cent of GDP and need take no action to reduce it. The country in recession, however, would have an overall budget deficit of 4.5 per cent of GDP and would be forced to tighten fiscal policy to meet the 3 per cent Maastricht target, so deepening its recession.

Meeting Maastricht's financial convergence criteria causes real economies to diverge. The more stagnant an economy and the worse its recession, the more it is forced to pursue.

This is no mere academic argument. It describes precisely what is happening in Europe today as countries struggle to meet Maastricht budget criteria. Ireland is booming already and the Netherlands' recovery is almost complete. Most other countries are climbing out of recession, but Italy is being driven deeper into one because of its big budget cuts.

Germany is quite close to full recovery: the OECD estimates that its economy was working with only about 1 per cent spare capacity in 1996. France and Belgium lag behind Germany with 8 per cent spare capacity. Germany's structural budget deficit was 3.5

per cent of GDP in 1996, much worse than France's 2.4 per cent. Because of the larger French cyclical deficit, however, both ran the same overall deficits of 4.1 per cent.

The struggle to meet the Maastricht budget criteria this year will force countries lagging behind to tighten fiscal policy to meet the target, so deepening their recession.

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enough to head off German inflation, unemployment will remain intolerably high in France. This will either provoke a public outcry or lead the French government to relax fiscal policy.

To meet the Maastricht 3 per cent target in 1997, France is fudging its accounts by including one-off items, such as a sizeable payment by France Telecom for the state to take over its pension fund liabilities. Keeping the deficit below 3 per cent in 1998 will be difficult.

Fiscal refraction in 1998 will be impossible without pushing the French deficit back above 3 per cent. If the ECB sides with France, Germany ought to continue tightening fiscal policy to cool its economy. But tax moves are unlikely to be abandoned. The Germans' worst fears about abandoning the D-mark would then be confirmed by accelerating inflation.

The move to a single currency will be in trouble from the start. Markets may well refuse to believe that currencies are irrevocably locked. The ECB, siding with Germany, could cause a run out of the franc and French bonds. Siding with France would result in a run-out of all European currencies, sending European bond rates soaring.

Any move to a single currency on schedule will be an act of political will, not a response to a popular wish. But, in the three years between the locking of national currencies in 1998 and their replacement by the euro in 2002, there will be time to turn back.

The Maastricht design is so flawed that, when it comes to be tested, it will not work. It will either be abandoned or changed.



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Figures in parentheses are for the corresponding period. Dividends are shown net of tax and are adjusted for any intervening splits. 1 1st quarter, 2 2nd quarter, 3 3rd quarter, 4 4th quarter. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.



## FT WEEKEND

Arcadia

## Rites of spring along Tobacco Road

Jurek Martin believes the weed, whatever its other effects, is more enduring than cherry blossom

Spring has come a little early this year to Washington because the winter was so mild. The cherry blossoms are in full bloom along the Potomac Tidal Basin a good 10 days ahead of normal.

Down here in Charles County, 40 miles to the south, the coming of spring has been moving right along in ways both old and new. From our front porch, the sun now sets closer to due west, over the Goose Creek marina on the other side of the Port Tobacco River, rather than further to the south over the old Blossom Point proving grounds, where barbed wire and skull and crossbones signs still warn the unwary of the dangers of unexploded military ammunition underfoot.

Wild woodland daffodils are in full bloom and fields are freshly ploughed. There is a green and brown fuzz on the trees, beginning to obscure the winter construction for the commuter set of town houses and new executive mansions with roof lines running in all directions that belie their English tea

shoppe names (Longmeade, Preswicke, Hunter's Pointe). Newer traditions are taking hold. Gary Fick's innovative cooking at the Casey Jones bar and restaurant in La Plata, just across from the playhouse of the Port Tobacco Players, said to be the oldest continuously functioning local rep in the country, is packing the customers in for the fourth year, even though he has abandoned his fabulously popular but unprofitable Sunday brunch.

But the main rite of Southern Maryland's spring has not changed much in the best part of 350 years. It is the three week tobacco auction scattered over six places, with the biggest at Hughesville.

This is where the five county region's 1,200 full and part-time growers bring the air-cured leaf unique to the US to the sweet-smelling musty warehouses and see what they can get for it, with the second Wednesday principally reserved for the local Amish in their laden horse-drawn carts. The proceeds, as with farming everywhere, mean that bank loans get repaid, new equipment and seed plants are bought and the local economy receives its seasonal infusion.

Growers in workshirts and overalls sit around over coffee and Coke and compare notes. Mostly, like farmers everywhere, they complain that things ain't what they used to be. They

grouse about anti-smoking pressures from governments - in Washington and Annapolis. Farris Glendening, Maryland's governor, is trying to get the state legislature to impose a 72 cents a pack tax surcharge on cigarette sales. He won't get many votes from conservative Charles County tobacco growers if he runs again in 1998, but, then, he did not get that many two years ago.

The older ones remember when times were better. The current crop, affected by a wet summer, probably will be under 10m pounds, perhaps a fifth less than last year and a far cry from the 40m pounds produced in the 1950s when nearly 6,000 growers were in the sweetweed business. In

reality, the decline in southern Maryland tobacco has been longer in the making, ever since the silting up of the Port Tobacco River in the 18th century took away its main means of transportation and left the field clear for Virginia, the Carolinas and Florida.

But at least, in the March auction, prices took a little turn for the better. Suddenly they were nudging \$2 a pound, 12 cents more than the average of week one.

Connie Stuart, who gets a little over 1,000 pounds from each of the 15 acres of her Rose Hill farm in Port Tobacco devoted to the weed (and turns out great fruit and veg in summer) explains that that yield might be down but

quality is up, much as it can be in the vineyards of Bordeaux.

That translates, for the technically minded, into the low nitrogen and alkaloid (nicotine) content which appeals to some markets - the Swiss, for example, have a particular fondness for Maryland Type 32 tobacco, as it is correctly called.

Connie Stuart is pretty good at explaining things because she was once a press secretary to a First Lady (Mrs Pat Nixon) and served in subsequent Republican administrations before throwing herself into the farm and the lovely 18th century house she and her husband Charles bought over 25 years ago - she has also found time to star as Mame for

the Port Tobacco Players. She is currently mostly tickled by the fact that mechanically baled tobacco is fetching the same price or more than the traditional hand-tied stacks of leaf, known locally as burlaps or hacks, that used to command a premium.

Still, for the smallholder growing on a handful of acres or less, tobacco remains a relatively attractive cash crop. It is labour-intensive - the Southern Maryland Tobacco Board calculates it requires an average of 225 man hours to produce one acre - and local labour is in short supply, but the alternative governments continue to promote (soybeans, wheat, corn, fruit and vegetables) has its own vicissitudes.

There is, after all, something comfortably predictable about the coming of the Hughesville auction every March, as there is a timeless quality to the drying barns that grace the landscape. And tobacco, whatever its other consequences, is more enduring than cherry blossom.

Metropolis

## Getting hitched in the shadow of the flyover

New laws and ideas have given the urban wedding fresh impetus and it is developing its own character as it grows away from its rural roots. Midge Gillies reports

The four-year-olds in *frou-frou* skipped along happily enough, but it took a few minutes for the grown-ups to raise their heads above the parapets of embarrassment and participate. Together with the bride and bridegroom, they formed a 100-strong procession following a Scottish bagpiper from a church within confetti-throwing distance of the Westway flyover, a concrete and metal section of raised motorway which weaves between the tower blocks of central west London.

The metropolitan wedding march was heading for a reception in a converted church hall in Little Venice, a few hundred yards north of Paddington railway station. Drivers hooted horns; passers by gawked and cheered; and a man sitting on his balcony fetched a tin whistle to accompany the piper as he struck up "Marie's Wedding".

Bride and bridegroom Robert and Hilary Bruce were still, though not calculatedly, fulfilling the spirit of one of the oldest wedding traditions. Their procession was an old form, borrowed from the Hebridean practice of a fiddler leading the party, but celebrated in a new, high-density, urban context. The blue was a passing car, an advertising billboard, or the debatable dark blue of bitumen.

"It was a public marking of a private event," Robert said. "People turned themselves into a public spectacle and, even in the most shy of people, there's a bit of the performer."

"It would probably work in the countryside, but, in the town, it turns into a much more obvious demonstration that something has happened."

Proving to the world that something has happened - the starting point of the public wedding - is hard to achieve in an urban setting. Bringing a wedding village to a standstill is easier than catching the attention of distracted, over-worked, on-the-way-to-somewhere city souls.

But there is accumulating evidence that the urban wedding is developing a personality as distinct as the rural celebration.

In the countryside, the wedding celebrations are often as standardised as the texts of the ceremony, but the personality of the urban wedding has evolved as changes in legislation and expectations have given the participants more flexibility.

The 1995 Marriage Act allowed couples far more choice about where they married. Until then, people in England and Wales who wanted a civil wedding could only use their local register office - an institution which never quite managed to shake off the faint whiff of Dettol or pine

**The personality of the urban wedding is creative and flexible, making use of the available materials.**

cleaner and pop star impropriety. Now, in addition to register offices, couples can marry at any one of the 1,500 new venues licensed to hold weddings. The list is a bizarre collection ranging from the Regency grandeur of the Brighton Pavilion, where meringue wedding dresses mingle with ice cream-toting tourists, to the Stoke City Football Club, a James Bond theme pub in Nun-eaton ("007 - Licensed to Wed"), and the Granada Studios in Manchester, where a street scene, that of Coronation Street, is at the disposal of those with a taste for urban fiction.

The 1995 law means that the vows can be made and the union celebrated in a single place - suburban hotel or inner-city community centre. This can make the urban wedding more appealing - if guests do not have to

negotiate two ring roads and a one-way system between throwing confetti and taking their first sip of sherry, they are more likely to retain the wedding mood.

Linda Magistis, who runs a wedding consultancy, says the new venues have created a different atmosphere.

"Ninety per cent of people haven't been to church since they were at Sunday school but they want a big white wedding. In the new venues, they can walk down an aisle and we can make it look like the inside of a church."

"They now don't have to marry in a register office that's right beside a dual carriageway and where guests are left trying to hail a cab on a busy road."

The other advantage of some newer urban venues is their flexibility - they can be made to capture the romance of the rural if that is what is required, even if the only real rusticity is provided by the conference of tractor component sales reps in the adjacent banquet room. One marquee company reports that it is increasingly common for wedding parties to ask for a painted backdrop - sheep grazing on a hillside, for example - to add country character to their urban wedding.

Other couples are reaching for a different rural image at budget prices by hiring a smaller piece of canvas that transforms an inner city patio into a Bedouin tent. But this is the personality of the urban wedding - creative and flexible, making use of the available materials and coming in under budget.

It is a brave bride and bridegroom who will distance themselves from the countryside completely, however. They should at least consider rural superstitions.

The cutting of the cake originally symbolised the imminent loss of the bride's virginity and its layer of almond marzipan was there for the nun's strong association with fertility. And the bridesmaid was a decoy to trick



Illustration: David Downton

evil spirits into concentrating their mischief-making on a bridal look-alike.

But the changing urban landscape could force the develop-

ment of yet more new wedding traditions. With pressure to ban traffic from city centres, a wedding procession by foot could become the norm.

And the memories of white-ribboned limousines and convoys of guests' vehicles stuck in traffic jams could become another wedding curiosity.

Midge Gillies is the author of "The Wedding Book: a complete step-by-step guide to getting married", published by Bloomsbury (price £7.99).

True Fiction

## Marriage on the school syllabus

Christian Tyler travels to a rarely visited island which boasts the world's lowest divorce rate

special cove of family and friends. I also read that the island had the highest rate of marriage in the world, and the lowest rate of divorce.

So this week, breaking one of my routine tours of Micronesia, I made my way to Ipotna. I was fortunate to secure a room at the Shining Surf Hotel and even more fortunate to arrange a meeting with His Excellency Chief Henry Margana, the island's registrar-general of marriages.

I found the chief sitting on the verandah of his office, a breeze-block edifice from whose palm-covered roof the blue, white and red flag of Ipotna fluttered listlessly in the humid air. Over the door was a handpainted sign: "Marriage is our business."

The chief followed my gaze, saying as he shook my hand: "Just so, mister. Margana is my

name, marriage is my game. Welcome to Ipotna." He beamed.

I thanked him for finding the time to see me, and came straight to the point. "Surely," I said, "marriage is none of the state's business. It's a personal matter."

"So your Mr Major says. I heard him yesterday on the BBC. But still he wants happy families. Here we say, sure, sex is for grown-ups. But marriage is for parents and their children, our children. So of course we are interested."

"On the other hand, like your Mr Major, we are short of money," the chief went on. "The government of Ipotna does not have the means to bring up children and keep them out of trouble. Also, we are too busy - governing, and fishing, and so on," he added vaguely. He explained that the island's children were given sex

education at home but marriage training at school. If, having passed their marriage exams and having left school, they wanted to get hitched and so enjoy the considerable tax perks that an

**'The state cannot make couples happy. But it can give them a chance'**

Ipotnan marriage confers, they had to go before a tribunal for intensive questioning in order to secure a licence.

"What about love?" I asked. "What about it?" replied the chief. "It depends what you mean by love. Anyway, that's

none of our business. Marriage is our business," he added irritably.

I remarked that it seemed a cold-blooded process.

"Look," replied the chief, clasping his big hands together. "The state cannot make young couples happy. But it can give them a damn good chance."

You mean they go into marriage with their eyes open? "Yes, mister. As Chancellor More said: 'Would you buy a coat without looking for saddle sores?'"

It was an odd analogy coming from a man who had probably never seen a horse. Nor, for the life of me, could I remember a chancellor of that name. My face must have betrayed my bewilderment, for the chief went on: "About 450 years ago your chancellor Thomas More visited a country like ours. I have his book in my office."

He jerked a thumb behind him. "In that country, men and women were shown naked to each other before marriage, so there was no complaining they didn't know what for. Same here. Once you buy, we don't want to take goods back. *Consent empior.*"

The chief grinned triumphantly. Beginning to feel the heat, I asked: "Why, then, does your tribunal not also grant divorces?"

"Does the tribunal know the couple? Does it know the children? No," the chief replied.

"The families and friends know and the families want to protect the children. Besides," he added slyly, "it is not so easy to divorce if you have to face the friends and relations."

Taking pity on my ignorance, the registrar-general went on to explain that marriage was getting tougher all the time. Even in Ipotna, he said, women

were no longer so dependent on men, nor so forgiving of their waywardness and weakness. Television and advertising had encouraged everybody to "paddle their own canoe", to please themselves before thinking of others.

The chief took a credit card out of his pocket and waved it under my nose. "You see, mister. Pleasure now, but pain later. Here in Ipotna, if you want the pleasure of marrying, you must have credit in the bank."

"Credit?" "Wisdom. In here," said the chief, tapping the side of his head.

I was beginning to tire of His Excellency's easy confidence about a problem which has defeated the best brains in the western industrialised world. So I asked him how long he had been married.

"Not married, mister."

"May I ask why not?"

The registrar-general leaned forward and winked faintly: "Still in training," he said.

Chess No 1724: 1. Rb2, Ra4+ 2. Nf3, Nc6 3. Bb2, Bc5 4. Bxc3, Bxc3 5. Bb2, Bc5 6. Bxc3, Bxc3 7. Bb2, Bc5 8. Bxc3, Bxc3 9. Bb2, Bc5 10. Bxc3, Bxc3 11. Bb2, Bc5 12. Bxc3, Bxc3 13. Bb2, Bc5 14. Bxc3, Bxc3 15. Bb2, Bc5 16. Bxc3, Bxc3 17. Bb2, Bc5 18. Bxc3, Bxc3 19. Bb2, Bc5 20. Bxc3, Bxc3 21. Bb2, Bc5 22. Bxc3, Bxc3 23. Bb2, Bc5 24. Bxc3, Bxc3 25. Bb2, Bc5 26. Bxc3, Bxc3 27. Bb2, Bc5 28. Bxc3, Bxc3 29. Bb2, Bc5 30. Bxc3, Bxc3 31. Bb2, Bc5 32. Bxc3, Bxc3 33. Bb2, Bc5 34. Bxc3, Bxc3 35. Bb2, Bc5 36. Bxc3, Bxc3 37. Bb2, Bc5 38. Bxc3, Bxc3 39. Bb2, Bc5 40. Bxc3, Bxc3 41. Bb2, Bc5 42. Bxc3, Bxc3 43. Bb2, Bc5 44. Bxc3, Bxc3 45. Bb2, Bc5 46. Bxc3, Bxc3 47. Bb2, Bc5 48. Bxc3, Bxc3 49. Bb2, Bc5 50. Bxc3, Bxc3 51. Bb2, Bc5 52. Bxc3, Bxc3 53. Bb2, Bc5 54. Bxc3, Bxc3 55. Bb2, Bc5 56. Bxc3, Bxc3 57. Bb2, Bc5 58. Bxc3, Bxc3 59. Bb2, Bc5 60. Bxc3, Bxc3 61. Bb2, Bc5 62. Bxc3, Bxc3 63. Bb2, Bc5 64. Bxc3, Bxc3 65. Bb2, Bc5 66. Bxc3, Bxc3 67. Bb2, Bc5 68. Bxc3, Bxc3 69. Bb2, Bc5 70. Bxc3, Bxc3 71. Bb2, Bc5 72. Bxc3, Bxc3 73. Bb2, Bc5 74. Bxc3, Bxc3 75. Bb2, Bc5 76. Bxc3, Bxc3 77. Bb2, Bc5 78. Bxc3, Bxc3 79. Bb2, Bc5 80. Bxc3, Bxc3 81. Bb2, Bc5 82. Bxc3, Bxc3 83. Bb2, Bc5 84. Bxc3, Bxc3 85. Bb2, Bc5 86. Bxc3, Bxc3 87. Bb2, Bc5 88. Bxc3, Bxc3 89. Bb2, Bc5 90. Bxc3, Bxc3 91. Bb2, Bc5 92. Bxc3, Bxc3 93. Bb2, Bc5 94. Bxc3, Bxc3 95. Bb2, Bc5 96. Bxc3, Bxc3 97. Bb2, Bc5 98. Bxc3, Bxc3 99. Bb2, Bc5 100. Bxc3, Bxc3